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AND

A JOURNAL OF POLITICAL ECONOMY

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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.)

BULGARIA

POLITICAL AND GENERAL

The Economic Situation.—The economic, social and political life of the nation calls for an almost superhuman effort, states the *Znamé*. The crisis that has gripped the country removes the possibility of all initiative. It seems that fate itself is preventing the nation applying itself steadily and continuously to work. It is difficult to see when a change may be expected, or when the nation will be permitted to enjoy a more normal life. The cost of living remains extremely high, there is a scarcity of money, production and commerce have been arrested, many factories are closed, financial failures are frequent, fiscal charges heavy and everywhere there is instability.

The *Wirtschaftliche Nachrichten* has received the following report from Sofia on the current economic situation in Bulgaria: It was generally expected that business during the autumn months from September to November would prove to be above the average, inasmuch as the internal political conditions have become somewhat stabilised and the harvest was exceedingly good. It was estimated that the wheat exports alone would amount to some 250,000 to 300,000 tons. Unfortunately these hopes have not been fulfilled. The drop in the prices of wheat in the international market brought Bulgarian exports almost to a complete standstill. Home prices have fallen under the pressure of the international prices by about 30 or 40 per cent. The Bulgarian peasant, who is free from debt and only has to pay a few insignificant taxes, would not dispose of his wheat and grain at the prevailing low prices. As a consequence of the export crisis there followed a market crisis, because the farmers and peasants, who form about 82 per cent. of the population, had not sufficient ready cash to make purchases. For the same reason the money crisis that usually sets in during the autumn months became especially pronounced during the latter months of 1925. It was only due to the bankers and to many foreign creditors that partial payments have been made where it was impossible to effect full payment. The remaining amounts have been postponed on short-term against interest. Since the greater part of the Bulgarian clientèle, especially the old established firms, are generally good payers, have not suffered any actual losses, and are still working at a profit, an improvement in the general situation may be expected as a result of the accommodation afforded by the bankers and the foreign creditors.

It is also hoped that the National Bank will be able to maintain the stability of the lev, as it has already done for some years. The position is, however, a difficult one. The extensive receipts from exports are lacking. There are about 500,000 tons of cereals of all kinds, about 20 mill. kilogrammes of tobacco from the former harvest, and some 25 mill. kilogrammes from the latest harvest still to be disposed of. These quantities may be sold during the winter months, or at least in the early spring, in which case an improvement in the general situation may be confidently expected.

FINANCE

Departmental Requirements for 1926-27.—In an article that recently appeared in the *Libre Parole*, and which was generally regarded as being inspired by the Ministry of Finance, it was stated that the Cabinet had decided not to include in the Budget estimates for the financial year 1926–1927 any credit that could be postponed till better times. No fresh constructive activities could be entered upon; no expansion made in existing institutions or services; on the contrary drastic economies would have to be effected and possibly some of the services merged into one.

That was the programme. But, as *La Bulgarie* points out, the exigencies of the times give the lie to theories. A young and healthy country like Bulgaria, with a growing population, cannot be financially starved and cannot proceed without the inevitable increase in national expenditure. Despite the warning of the Ministry of Finance and notwithstanding serious efforts to effect economies the different Ministries of State are demanding bigger sums for their respective departments for the financial year 1926–1927 than were required for the current financial year. The following shows that the increases required by some Ministries or departments are exceedingly heavy (in leva):—

Departmental requirements.	Current Budget.	Budget for 1926–27.	Increase.
Service of Public Debt	1,409,105,731	1,503,892,869	94.787,138
Ministry of Culture and Instruction ...	38,210,927	40,084,600	1,873,973
Ministry of Justice ...	142,454,520	185,047,060	42,592,540
Ministry of War ...	1,232,069,480	1,277,512,920	45,443,440
Ministry of Agriculture	239,538,450	276,700,820	37,162,370
Ministry of Public Works	282,246,000	350,075,960	67,829,960
Loans for developments	166,883,363	210,203,000	43,370,640
Air service	25,249,320	26,755,080	1,505,760

Accompanying each of these demands is a covering note to the effect that the respective departments cannot make any reductions in such necessary expenditure. The Ministry of Justice requires an increased sum for the various administrative extensions that are being carried out and also for the salaries of the consequently augmented staff. The Ministry of Agriculture has undertaken to drain a number of marshes, to construct dykes and dams, to distribute agricultural machinery and to carry out other projects for the general improvement of the agricultural and forestry industries. The other Ministries and departments have put forth reasons for the increased expenditure quite as cogent as those mentioned above. It is expected that there will be a severe struggle with the Minister of Finance before any concessions are made.

The *Mir* declares itself most strongly in favour of budgetary restrictions. It admits, however, that to reduce expenditure without having a very definite programme only disturbs the organism of the State. Before crying out for an alleviation in taxation one should first find out what expenditure might well be eliminated. As things now are the country must have the courage to face certain amputations. The Social Democratic *Narod* asserts that great compression is absolutely necessary if the country is to emerge from its besetting difficulties. The most rigid economy is an imperious duty. A start could well be made with the public functionaries, in which department it would be to the country's undoubted advantage to follow the example of the United States without fear of the critics.

TRADE

Foreign Trade Returns.—During the month of August last the commercial exchanges with foreign countries developed satisfactorily. The value of imports rose to 580,002,760 leva, which represents an increase of 145,170,000 on the value of imports for the corresponding month of 1924, whilst exports were valued at 522,143,000 leva, or an increase of 146,065,000 leva. Exports have now reached the value of 91 per cent. of that of the imports, a development that suggests an equilibrium in the commercial exchanges within the near future. A notable feature in imports is the appreciable increase in raw materials for the textile industry, a sign of the growing activity of the textile production within the country.

During the first eight months of 1925 imports and exports were as follows, in comparison with the figures for the corresponding period of the preceding year (in leva):—

	January to August 1925.	January to August 1924.
Imports	4,902,480,000	4,622,923,000
Exports	3,581,581,000	2,654,997,000

The adverse balance for this period in 1925 was about 1,320.9 mill. leva; that is, imports represent 137 per cent. of the value of exports. For the similar period in 1924 imports were 139.5 per cent. of the value of exports. The principal imports were as follows (in millions of leva):—

Imports.	August.	January to August.
Colonial products	12.2	141.98
Dyes and varnishes... ...	10.0	99.2
Resin, gum, etc.	19.8	123.2
Oils, fats, etc.	17.8	161.1
Metals and products ...	85.9	662.1
Products of wood	28.7	195.3
Hides, skins, etc.	34.5	211.8
Textile materials and products	24.3	1,801.5
Machinery, instruments etc.	51.6	502.7

Exports consisted almost entirely of tobacco, cereals, eggs and cattle. The main exports were (in millions of leva):—

Exports.	August.	January to August.
Cattle of all kinds	28.1	207.3
Eggs	78.5	435.0
Cereals	105.7	108.4
Maize...	10.7	523.0
Flour and bran	29.2	47.0
Tobacco in leaves	195.8	1,759.3
Hides, skins, etc.	36.2	109.5
Cocoons	10.4	40.2
Essence of roses	2.8	56.3

In the month of August there was a falling off in the exportation of tobacco and essence of roses. The value of the former in July was 296.8 mill. leva, and of the latter 27.3 mill. leva. Cereal exports did not improve to any appreciable extent, but they will probably improve during the subsequent months of the year. In general there is reasonable ground for optimism.

In the following table the leading countries supplying goods to Bulgaria and the chief foreign markets for Bulgarian products are shown, in comparison with the value of the volume of trade in 1924 (in millions of leva):—

	January to August 1925.	January to August 1924.
Imports from		
Germany	938.0	734.6
Italy	669.8	537.99
Great Britain	63.4	475.7
Austria	457.6	397.7
France	338.8	286.9
Czechoslovakia	362.0	199.8
Rumania	279.8	253.6
Belgium	188.6	239.3
Yugo-Slavia	169.0	30.9
Turkey	124.0	114.4
Exports to		
Germany	809.3	411.5
Italy	487.1	332.0
Greece	321.1	227.6
Austria	317.3	332.5
Switzerland	260.9	82.1
France	222.5	433.4
Czechoslovakia	209.1	133.6
Poland	154.5	25.9

The success of Germany in Bulgaria is largely due to the remarkable way in which the German exporter adapts himself to the peculiar conditions in the Bulgarian market. He is ever ready to grant, almost without risk, more extensive payment facilities to his Bulgarian customers than his competitors are wont to do.

A commercial agreement with Great Britain and a provisional agreement with France have been signed. (*La Bulgarie.*)

INDUSTRY AND AGRICULTURE

Importance of Vegetable Oil Production.—A writer in *La Bulgarie* draws attention to the growing importance for Bulgaria of the manufacture of vegetable oils, especially from sunflower. During the first half of 1925 the production was greatly in excess of the demand and prices fell from 40–42 leva to 30–32 leva per kilogramme. Unfortunately the trade with the foreign markets has not yet been well developed. In Europe alone there are actually great opportunities for good business in this commodity. Paris should prove an excellent market and prices there are about 48 leva per kilogramme. Arrangements should be made for the exportation of the whole of the surplus stocks, for the prices obtainable abroad would make it a paying proposition. On the other hand only the best quality is required. In this respect, as contributors to the *Slovo* and the *Radical* have already indicated, the Bulgarian sunflower oil, at least the products of some factories, could be improved.

There are altogether about 30 large factories and some 300 smaller rural concerns in Bulgaria at present manufacturing vegetable oils. The country firms are very primitive; often the whole of the work is done by hand. The rural houses are able to sell their oils at a very low figure, but the products are inferior. The larger factories have modern machinery installed, but find it very difficult to compete against the smaller manufacturers. In order to make headway against the small houses the big factories often work in haste and without sufficient care, with the result that their products are frequently badly filtered. They sacrifice quality for quantity. The crushing is so carelessly done that the oil-cakes made from the residue often contain 12 per cent. of oil, whereas with a rational method of manufacture the cakes need contain no more than 5 to 7 per cent. of oil. A proposal has been put forward to prohibit the exportation of oil-cakes containing more than 10 per cent. of oil. As an instance of the inferiority of the Bulgarian oils it may be mentioned that the home consumers of oils show a preference for the imported products. During the first six months of 1925 some 1,118,839 kilogrammes of vegetable oils were imported from abroad.

The oleiferous seeds grown in Bulgaria are sufficient to provide these factories with only about half of the required raw material. Herein lies a good opportunity for the further development of Bulgarian agriculture. In 1924 the production of oleiferous seeds in Bulgaria amounted to 11,984,300 kilogrammes of sunflower seed, 1,996,900 kilogrammes of sesame seed, 95,700 kilogrammes of poppy seed; totalling 14,076,900 kilogrammes.

The National Bank has published some particulars of this fairly recently established industry in Bulgaria, confining itself, however, to nineteen of the most important concerns. The capital invested in the year 1924 in the factories in question amounted to 71 mill. leva (paper), or approximately 2.5 mill. (gold). Of this sum 7 per cent. was employed in the purchase of land, 42 per cent. in the construction of factories and 51 per cent. in the purchase of machinery. Eight of the factories belong to a single proprietor, seven to different companies and four to limited liability companies. Each factory employed daily an average of 290 workers, the total wages being 3,789,000 leva. The raw materials cost over 38 millions. They produced 2,819 tons of various kinds of oil.

GERMANY

POLITICAL AND GENERAL

General Economic Review of 1925.—The *Kölnische Zeitung* reproduces passages from the reports on 1925 of the Cologne and Essen Chambers of Commerce, both of which lay stress on the critical conditions reached in this year. The report of the Cologne Chamber states that the Locarno Agreement has not yet been productive of good results in the occupied area, as its resolutions are being carried into effect so slowly. It draws attention to the deplorable increase in bankruptcies and business failures. The report of the Essen Chamber stated the economic crisis in 1925 signifies the enormous shrinkage of the economic system to within to-day's production and sale possibilities. In restoring the German economic system the original idea was to overcome the general crisis by means of greatly increased production. It was assumed that in this way prices would be reduced and purchasing power heightened. It is not to be denied that this assumption was in part correct. A certain success was achieved in 1925 in reducing prices by this means, and also in raising real wages and in creating better markets for certain classes of goods. If the great aim in view was not attained, this is evidence of the still mightier causes impeding production. In actual fact the adjustment between production and consumption could only be bought at the cost and to the prejudice of whole production groups. The key to this phenomenon lies in the radical alteration in the nature of home consumption since before the war. In particular it must be stated that no tendency to accumulate savings was traceable in 1925.

By reason of enormously increased costs of production, the coal mining industry could not reduce prices and thus revive the coal market. Foreign contracts could only be concluded at a loss. The world crisis in this industry, brought about by a smaller industrial consumption of coal, was particularly severely felt in the German coal industry, and especially in that of the Ruhr. In all 48 mines with a staff of some 45,000 men, were closed down in the Ruhr in the course of 1925. On the remaining mines about 27,000 men were dismissed. The state of the home coal market grew steadily worse throughout the year. Apart from the decrease in home coal consumption the chief cause of the trouble was the penetration of English coal into Germany. In the face of this competition the alterations undertaken in the organisation of production and business methods were powerless to improve matters, and technical improvements were mostly held up by want of capital.

It is essential that production should be restricted to the more profitable concerns and that those undertakings which are not likely to pay in the near future should be closed down. It is likewise necessary for the economic recovery of Germany that the far too extensive and over-complicated network of organising bodies and agencies should be simplified.

In connection with these reports it may be noted that according to the collated reports of the vocational associations on conditions of labour in November, the fears of greatly increased unemployment were realised. According to the reports of 25 associations with a joint membership of 3.23 mill. persons, some 10.5 per cent. of this number were totally unemployed and nearly another 16 per cent. were working short time at the end of the month. This means that total unemployment was almost double that at the end of October, short time working 40 per cent. greater.

The provisional foreign trade returns for November showed imports amounting in value to 857.5 mill., exports to 791.8 mill. The unfavourable balance has therefore diminished to 65.7 mill. In November 1924 the total volume of foreign trade was approximately the same as this year, but the deficit then was 405 mill. (*Frankfurter Zeitung.*)

FINANCE

The 1925 and 1926 Budgets.—The material recently submitted to the Budget Committee of the Reichstag for use in examining the various claims to increased official salaries contained interesting details connected with the 1925 Budget. It was intended to show that while on the one hand the Finance Administration was not conducting a hoarding policy, on the other it had not sufficient means at its disposal to meet these salary claims. The material contains new estimates of Budget revenue and expenditure for 1925. It values the total revenue from property and business taxes at 4,911 mill. (182 mill. more than the Budget estimates) tax allocations to provinces and municipalities at 2,486 mill., revenue from Customs and consumption dues at 1,859.5 mill. (345 mill. more). In all the Reich is to benefit by tax revenue of 4,262.9 mill., instead of the 4,159.5 mill. foreseen in the Budget estimates. Total revenue for the year from all sources is to amount to 7,686 mill. Expenditure on the other hand is estimated at 7,796 mill., so that a deficit of 110 mill. will occur. This deficit will not be easy to meet, for the tax yield in the first half of the year was greater than it will be in the second, expenses on the other hand are on the increase, and a certain sum must be kept apart for use in 1926.

The Reichsrat sanctioned on December 19 the Reich Budget for 1926, which balanced with revenue and expenditure amounting to R.Mk.7.7 milliard. In the survey accompanying the figures the Government expressed the opinion that the placing of a loan in 1926 would not be possible and therefore the ordinary expenditure must be covered by ordinary revenue.

On the revenue side, property and business taxes are estimated to yield 4.8 milliard (100 mill. less than in the previous Budget), income and corporation profits taxes 2,350 mill. (the same as this year). The turnover tax is to yield 1,350 mill., or 80 mill. less than this year. Allocations to provinces and municipalities are put down at 2,337 mill., or 149 mill. less than the actual allocations in 1925. Revenue from Customs and consumption dues is to total 2 milliard, i.e., 141 mill. more than in 1925. The Reich printing service is to yield a surplus of 3.8 mill., as compared with one of 1.8 mill. this year, the postal service is to bring in 20 mill. From the 1924 surplus a sum of 220 mill. is carried forward, to be employed in meeting Reparations expenditure in 1926.

Expenditure in connection with the General Reich Administration is to amount to 4,116 mill., or 142 mill. less than this year. Of this sum. 18 per cent. (669.8 mill.) is provided for emoluments of officials, employees and workers, and 40 per cent. (1,512.8 mill.) for expenditure on material. The pensions fund of 1.5 milliard entails a heavy burden on the Reich. Reparation costs to be met from Budget sources amount to some 600 mill. as compared with 291.6 mill. in 1925, internal costs resultant on the war to 298.4 mill. (110 mill. less than in 1925). The Budget year 1926 comprises five-twelfths of the second and seven-twelfths of the third Reparations year, and therefore a sum of some 441.1 mill. has to be found from transport sources, to which 12.8 mill. must be added by virtue of a clause in the London Agreement whereby for the seven months of the third Reparations year, instead of the monthly payment of one-twelfth of R.Mk.110 mill., one-tenth is to be paid, and the difference between one-tenth and one-twelfth (i.e., 12.8 mill.) is to be placed to a reserve fund. From the Budget a total of 454.2 mill. is thus to be found for Reparation purposes, to which must be added 572.5 mill. from the German Railway Bonds service and 187.5 mill. from the industrial debentures, making a total of 1,214.5 mill. In addition, account must be taken of the London provision whereby, if the pledged revenue from taxes and Customs in the third Reparations year exceeds R.Mk.1 milliard, one-third of the surplus not exceeding 250 mill. must be added to the payments. If the appropriate sum in this connection be added, the total amount to be provided in respect of Reparations in 1926 is R.Mk. 1,360.3 mill.

The ordinary Budget of the General Reich Administration shows revenue of 7.4 milliard, recurring expenditure of 6.8 mill. and non-recurring expenditure of 249.2 mill., making a total expenditure of 7.1 milliard and a surplus, therefore, of 294.2 mill. The extraordinary Budget of this Administration shows expenditure of 301 mill. to meet which revenue amounts to 6.8 mill. *plus* the above noted surplus of 249.2 mill. The special Budget for war costs shows ordinary expenditure of 232.3 mill., and extraordinary expenditure of 1,285.8 mill. In both cases expenditure is balanced by revenue. (*Frankfurter Zeitung.*)

Reich Revenue and Finances in November.—Reich revenue in November from taxes, Customs and dues amounted to 536.79 mill., as against 674.69 mill. in October. Property and business taxes yielded 377.15 mill., in which income tax figured to the value of 153.59 mill., corporation profits tax 4.19 mill., property tax 60.61 mill., the general turnover tax 96.52 mill., the higher turnover tax 5.06 mill., tax on the transfer of capital 4.77 mill. Customs and consumption dues yielded 159.59 mill., the pledged revenue in which was as follows: Customs 53.06 mill., tobacco tax 59.12 mill., beer tax 19.79 mill., spirit monopoly 13.23 mill., sugar tax 5.68 mill.

The financial position of the Reich in November was as follows (in millions of Reichsmarks):—

Revenue.	
General Finance Administration, without pledged revenue	504.21
Various	56.95
	561.16
Expenditure.	
General Reich Administration, including Peace Treaty expenditure	350.54
Tax allocations to provinces and municipalities	212.85
Reparations payments	45.88
	609.27
Surplus	48.11

The explanation accompanying this financial statement was as follows: The total revenue in November from Customs and taxes was 536.8 mill. The pledged revenue in this total amounted to 150.9 mill., leaving a sum of 385.9 mill. to the credit of the Finance Administration. To this sum must be added 118.3 mill. returned by the Commissary for Pledged Revenue in connection with the October payments. The total sum representing revenue of the Administration was therefore, as shown in the table above, 504.2 mill.

The state of the floating debt on November 30, 1925, was as follows:—Payment obligations from Treasury bonds and bills 18.63 mill., security dealings in connection with the same 52.34 mill.; total 70.97 mill. (*Frankfurter Zeitung.*)

Banking in 1925.—The year just ended marks a time of severe struggle in the private banking industry in Germany. The recently published report for 1925 of the Central Association of German Bankers points out in particular how the bank rate follows the economic law of supply and demand and can neither be artificially raised by cartel resolutions nor lowered by State edicts. It can most effectually be influenced by new capital formation at home and by a diminution in applications for foreign credit. The banking industry is strongly opposed to the tax hoarding policy of the State and very sceptical of the advisability of the transfer of private undertakings to public control.

The report makes some interesting disclosures in connection with the value of company capital, and states that only in 8 of the 24 more important production branches of industry and trade did the share quotations on November 20, 1925, average more than two-thirds (and in no case more than 85 per cent.) of the average official tax rate; in 11 branches it varied between two-thirds and one-half of the official tax rate, and in 5 branches the loss in rate was between one-half and two-thirds of the official tax rate. The reintroduction of forward dealings was a step towards the restoration of normal conditions, but a reduction in the still excessively high tax on the exchange of securities was essential. (*Kölnische Zeitung.*)

Company Reports.—We reproduce below various points of interest from further recently published industrial balance sheets.

The Wintershall Potash Concern has just published its report for 1924 together with that of the undertakings associated with it. The concern delivered in 1924 3.2 mill. d.ctr. of pure potash, equal to 38.3 per cent. of the total sales of the German potash industry amounting to 8.4 mill. d.ctr. of pure potash. At the beginning of 1924 the concern had 24 works with 50 pits, but at the end of the year under report only 17 works with 23 pits in action. The Potash Industry Trading Company in Berlin, established as a selling concern for the unsyndicated products of the Concern, commenced activities in April 1924. The first business year of this Company was devoted in the first place to building up the sales organisation. The German potash industry was employing altogether at the end of 1924 some 29,500 workers and employees, of which 8,200 were in the Wintershall Concern. The pre-war working hours introduced at the beginning of the year under report have had a favourable effect. No important wage struggles such as have distinguished previous years occurred in 1924. Among the balance sheets of the affiliated companies, that of chief interest concerns the aforementioned Potash Industry Company with a share capital of R.Mk.320 mill. and reserves of 16.8 mill. Some of the balance sheets of the individual works closed with a small profit, some with a loss. In the case of the Potash Industry Company the net profit of R.Mk.37,187 was carried over to the reserve; similar action was taken in regard to the profits of the Kalibank A.G. and the Deutsche Kaliwerke. The Alkali Works in Ronnenberg showed a loss of R.Mk.700,243, which was carried forward.

The manager of the Wintershall Concern stated that formerly an average works produced 2,000 d.ctr. per shift, while to-day the weakest works produced 30,000 d.ctr. per shift. The number of workmen had been reduced from 22,000 to 9,500. Whereas formerly a workman produced 1 d.ctr. of potash per shift, the output to-day was 2½ d.ctr. per man per shift. Out of 89 works only 10 were now working to their full capacity. If it had not been possible to declare dividends for 1924 this was owing to the fact that the average production price of potash had been reduced from R.Mk.18 to 12.50 per d.ctr. The concern closed the year with a stock of 1.1 mill. d.ctr. of pure potash in the form of products and about 100,000 d.ctr. in the form of powdered raw salts.

It was further stated that during the last two years R.Mk.35 mill. had been sunk in order to effect the process of concentration, and that the cost of production had in this way been reduced by over 50 per cent. The production capacity was now much greater than the demand.

The well-known shipyards, Blohm and Voss, of Hamburg, have realised during the year 1924-25 a profit of R.Mk.201,146, out of which a 2½ per cent. dividend is to be paid on the R.Mk.7 mill. of preference shares. The remainder, R.Mk.26,146, is carried forward. Holders of ordinary shares will thus receive no dividend. The taxes paid by the Company, when reckoned on each individual workman, amounted to 28.4 times the amount paid in 1913–14, viz., to R.Mk.293.6 as against R.Mk. 10.34 per head. The social provision per workman amounts to R.Mk.95.83, so that it is difficult to imagine how an undertaking with such a heavy burden on the productive wage can once more become capable of competing in the makret.

The Phoenix Mining and Foundry Company is paying no dividend for 1924 to 25. The net profit of R.Mk.1.21 mill. is to be carried forward. The coal output of the undertaking was 5.6 mill. t. as against 7.43 mill. in the business year 1913 to 14. The output per man per shift, in spite of better technical equipment, shows a yearly average of 0.88 as against 0.97 t. in the business year 1913 to 14. The coke works produced 1.6 mill. t. against 1.9 mill. in the business year 1913 to 14. The raw steel output amounted in the past year to 1.4 mill. t. as against 1.5 mill. in 1913 to 14. As regards the prospects for the new business year, no improvement in the economic situation could be indicated in view of the continual fall in the French franc.

The Rombach Foundry Works, the serious position of which has long been public property, has now published its report for the year ended June 30, 1925, according to which gross earnings totalled R.Mk.7.07 mill., but the net result was a loss of 19.25 mill. on the share capital of 51.8 mill. After employing the reserve fund of 5.08 mill. to meet this deficit, the remaining deficit has had to be carried forward.

The North-west German Power Works of Hamburg (formerly the Siemens Electrical Works), the majority of whose shares are now in the possession of the Prussian State, has declared a net profit for 1924 to 25 of R.Mk.188,397, out of which a 4 per cent. dividend is to be paid. In the meantime the capital has been increased from R.Mk.4 to 8 mill.

The Harpen Mining Company in Dortmund will apparently pay no dividend for the business year 1925 because such great difficulties have been experienced in placing the output.

The balance sheet of the Hanover Machine Construction Company shows a net profit of R.Mk.182,901 after writing off R.Mk.1 mill. A dividend of 6 per cent. on the preference dividends will be paid and the remainder of R.Mk.154,905 will be carried forward. (*Hamburger Fremdenblatt; Deutsche Allgemeine Zeitung.*)

Memorandum on State Insurance.—The Ministry of Labour has at length placed before the Reichstag a memorandum showing the development in the different branches of State insurance and the figures of unemployment relief in 1924–5. A complete reconstruction of almost all branches of insurance was necessitated by the stabilisation of the currency.

Sickness insurance included in 1924 19 million persons (1913, 14.4 million). The receipts were estimated at the beginning of 1924 at R.Mk.980 mill. as against 524 mill. in 1914. Disablement insurance covers between 16 and 17 million workers and 1.6 million disabled persons (1913, 1.03 mill.). 200,000 widows (12,000) and 1.3 million orphans (40,000) benefitted during the current year—a total of 3.1 million persons (1.08).

The receipts were 360 mill. in 1924 against 290 mill. in 1914. The first nine months of 1925 brought in 376 mill. and 502 mill. is counted on for the whole year. The State subsidy amounted in 1924 to 100 mill., and will reach 150 to 155 mill. this year, with a prospect of further increase in 1926. Sums paid out in pensions, apart from State subsidy, amounted in 1924 to 257 mill.

For 1925 pensions paid (without State subsidy) are expected to amount to 370 mill. Employees' insurance covers about 2 million persons. Receipts amounted in 1924 to 125.6 mill. For 1925 total receipts of between 174 and 176 mill. are expected. Sums paid out for pensions, etc., amounted in 1924 to 30 mill. and are expected to be 67 mill. in 1925 and 100 mill. in 1926.

Accident insurance affects 9.4 million insured persons in commercial employments, 14 million in agriculture and 0.9 million in public employments. The liabilities of the Accident Insurance amounted in 1924 to R.Mk.150 mill. For 1925 some 192 mill. will be required.

Mining insurance comprised a pensions list in the middle of 1925 of some 700,000 members, and sickness insurance about 800,000 members. In 1925 the Reich Mining Association numbered 25,000 disabled miners, and 30,000 recipients of old age pensions. In 1924 the receipts amounted to 268 mill. and payments 180 mill. Mining accidents involved a cost of some 20 mill. in 1924. The total liabilities for mining for 1925 are estimated at 313.5 mill.

Unemployment provision funds received between July 1, 1924, and June 30, 1925, some 246 mill and paid out 249.8 mill.

The whole social budget shows the following picture as compared with the previous year and with 1913 (in millions of Reichsmarks):—

Form of Insurance	1913.	1924.	1925.
Disablement	410.5	460	680
Employees	138	129.5	181.5
Accident	228	150.5	191.6
Mining	58	148	157
Sickness	590	1,128	1,133
	1,430.5	2,015.9	2,343.1

(*Frankfurter Zeitunq.*)

TRADE

State of the Iron Market.—According to the monthly report in *Stahl und Eisen*, the German iron industry suffered during November to an even greater degree than hitherto from foreign competition, as the weak cuerrncy countries continued selling on a large scale at cheap rates. The home market was also quiet. In the heavy industry, which in normal times is one of the largest consumers of iron, hardly any new constructions or alterations are being undertaken. The consuming industries and the trade are only buying what is absolutely necessary. Reports from the Siegerland district are especially serious. There, only 8 out of 29 blast furnaces are still alight, and two of the largest of these are to be extinguished. The extinguishing of so many blast furnaces means smaller sales for the ore mines, so that those few that remain in action are forced to restrict working, particularly as the Ruhr blast furnaces are using less ore from the Siegerland district. The steel and rolling mills are also for the most part inactive, and the sales of Siegerland pig iron have decreased heavily.

On the home ore market, especially in the Siegerland, Dill and Lahn areas, the position is desperate. The few pits which are still working have no adequate market for their output, although the latter has been reduced. The demand for pig iron dropped still further. Everywhere French pig-iron, favoured by the new fall in the franc, was in request, and in addition to this, Indian and English pig iron. The demand for steel and Spiegel iron particularly left much to be desired. On the foreign market business was here and there more active, but slackened towards the end of the month. On the home market, owing to increasing competition from western works it was not always possible to obtain the Association prices for semi-manufactures. No noteworthy export was possible. Home trade in bar iron was extremely quiet, and it was impossible to take advantage of the big foreign demand owing to bad prices. A few months' work is assured from State Railway contracts in the railway superstructure material branch, but businsss in mine rails is very depressed. The output and sales of railway rolling stock were again very scanty. Even by means of securing whatever business offered on foreign markets no essential alleviation of the shortage of work could be effected. Business in coarse sheet was equally unsatisfactory. The home demand was very small and foreign business was entirely dead. The home market for fine sheet has greatly deteriorated. In wrought iron tubes the orders received were inadequate. Orders for cast iron tubes have likewise fallen off. Very few contracts have been given for wire and wire products on the home market. Foreign orders for wire products were rather more numerous than in the previous month, but prices have recently shown a severe drop.

Foreign Trade in Steelware.—A report in the *Frankfurter Zeitung* on the Solingen steelware industry, the export trade of which practically represents the whole of the German export of steelware, affords interesting reading in that it states the exports in October attained a record height, namely 6,948 d.ctr., an increase of over 1,000 d.ctr. on the September figure. During the first ten months of 1925 exports of Solingen steelware totalled close on 58,000 d.ctr. Great Britain was first on the list of consumers (6,377 d.ctr.), followed by India (4,148), Brazil (3,843), the United States (3,129), Dutch East Indies (2,997), the Argentine (2,529), Holland (2,324), Italy (2,031), and other countries. This total figure exceeds that for the corresponding period of 1913. If employment conditions in this industry are unfavourable notwithstanding such excellent sales abroad, this is because the works in the Solingen area have been enlarged and their number increased since pre-war days, and also because manufacturing methods have been improved and placed on a more mechanical basis and therefore fewer workers are required. Possibly the situation has also been affected by the increased manufacture of cheap mass products and the decrease in the production of better ware.

POLAND

POLITICAL AND GENERAL

The New Government.—The resignation of M. Grabski and his Cabinet followed closely upon and was connected with the autumn depreciation of the zloty. The Premier himself justified his resignation by the Seym's postponement of his reconstruction plans, the unfavourable attitude of about half of the parliamentary parties, and also the conflict with the chairman of the National Bank. M. Grabski stated that he considered the maintenance of the currency as the basic principle of his financial and economic reconstruction programme. The violent fluctuations in the zloty quotations obviously interrupted the smooth course of these plans. The decrease in the value of the zloty was stated in Government circles to be the result of machinations on the Berlin and the Danzig Bourses, directed as retaliatory measures against Poland, on account of the latter's rejection of recent German proposals for a commercial agreement. M. Grabski applied to the National Bank for assistance in the form of intervention, but the Bank did not feel justified in the circumstances in taking any active steps. The attitude of the Bank doubtless influenced a large section of the Seym and the opposition to the Premier became pronounced.

The new Government, under the Premiership of M. Alexander Skrzynski, the former Minister of Foreign Affairs, has been formed on a broad parliamentary basis, extending on the Right to the National Democratic Union and on the Left to the Socialist party. Four of the new Ministers, namely, Ms. Skrzynski, Majewski, Raczkiewicz and Radwan, do not represent any particular political party, but hold office in the capacity of experts. The coalition Government commands a majority of about thirty in the House of Deputies and can at present also rely upon the support of the Jewish Clubs, the Christian National party and the Wyzwolenie party, which should ensure about a two-thirds majority.

The new Cabinet is composed as follows:—

Premier and Minister of Foreign Affairs	Dr. Alexander Skrzynski
Minister of Finance	M. Jerzy Zdziechowski
Minister of the Interior	M. Wladyslaw Raczkiewicz
Minister of Justice	Dr. Stefan Piechocki
Minister of Industry and Commerce ...	Dr. Stanislaw Osiecki
Minister of Public Instruction and Culture	Dr. Stanislaw Grabski
Minister of Agriculture and State Domains	Dr. Wladyslaw Kiernik
Minister of Railways	M. Adam Chadzynski
Minister of Public Works	M. Jedrzej Moraczewski
Minister of Labour and Social Welfare	M. Bronislaw Ziemiecki
Minister of War	General Lucian Zeligowski
Administrator of Agrarian Reforms	M. Jozef Radwan

In his address to the Seym the new Premier emphasised the peaceful character of the Government's policy towards all other countries, and stated that the Government would concentrate on maintaining the value of the zloty and balancing the Budget by introducing considerable economies. The expenditure on the army could not at present be appreciably reduced; but new financial reforms would soon be submitted to the Seym and no further notes would be printed without cover. The execution of the land reform was a necessity recognised by all parties; the reform measure would be definitely put into operation during the course of 1926. In order to stimulate the economic life of the country long-term credits would be granted to agriculture and industry.

The Seym has authorised the Government to contract a loan up to 600 mill. zlotys, secured on the returns from the monopolies, for the immediate relief of the difficulties created by the low currency circulation. The Cabinet has further been authorised to assist the banks by means of liberal credits.

Economic Relations with Neighbouring States.—Poland's policy is steadily directed towards building up friendly political and economic relations with all her neighbours. With Russia negotiations are in progress for fixing uniform prices for exports from Russia to Poland and vice versa. It is expected that these negotiations will shortly be satisfactorily concluded, and that as a result both Russian and Polish grain will be able to compete more successfully with other grain in foreign markets. With Austria negotiations are likewise proceeding with a view to removing the technical obstacles in the way of trade between the two countries.

Relations with Germany have considerably improved of late. Germany proposed to Poland a mutual cessation of the economic reprisals, and a resumption of trade. The German Government expressed its willingness, even before the conclusion of a provisional commercial treaty, to permit the import of a whole series of Polish products to Germany, including grain, meat and cattle as well as a certain quantity of Polish coal. In return Germany demanded that the fixed quantity of coal that Germany may export to Poland should be considerably raised. Germany also made the proposal to Poland that instead of the suggested provisional commercial treaty, negotiations should be commenced now for a definite commercial treaty. These German proposals are now being considered in Warsaw and well-informed circles entertain no doubt that the Polish Government will accept them.

With Czechoslovakia, too, Poland is desirous of attaining the closest political and economic contact. Warsaw political economists as well as Press and Government are anxious to see the Czechoslovak demands met as far as possible, so that the obstacles in the way of Czechoslovak export to Poland should be removed. It is generally recognised that Czechoslovak industries and commerce suffer under the new Polish customs tariff. As it is impossible to remedy the matter by an alteration in the Polish-Czechoslovak commercial treaty (for the treaty must be submitted to Parliament in the textual form as previously ratified) a supplementary protocol will be added to the treaty, and this protocol will meet all the reasonable demands put forward on the Czechoslovak side. A convention is also to be concluded shortly relating to tourist traffic between the two countries and will have a considerable significance for both.

Only with Lithuania do relations show no sign of improvement. The Lugano negotiations were broken off and there is little hope of their renewal, owing to the objections raised by Lithuania. Thus a number of matters relating to trade, communications and other questions as between the two countries remain for the present unsettled.

A treaty with Norway has been concluded and awaits ratification. (*Central European Observer.*)

FINANCE

The Currency Crisis.—The recent fluctuations and the ultimate fall of the zloty have been of grave concern for Polish financial and economic circles. Much surprise is expressed that, despite the tendency of foreign trade to improve, the financial situation should continue to give such anxiety. As the *Neue Freie Presse* points out the fluctuations in the zloyt amounted on certain days to as much as from 10 to 13 per cent. To determine the exact causes is at present difficult; but the augmentation of the issue of low denomination coins and the increase in the note circulation have certainly not been conducive to favourable opinions and probably provoked a forced rise in foreign currency and bills. One cause of the fall, explains the *Central European Observer*, is stated to be the circumstance that the foreign bills and currency reserve of the Bank of Poland is exhausted and that it is thus impossible for the Bank to intervene in favour of the zloty. As a second cause it is pointed out that there is a growing distrust generally of Poland and her economic system. The rise in the foreign exchanges is due, no doubt, in part to the hoarding of American dollars by the Polish public.

The economic authorities and corporations in Poland, on the other hand, assure the public that there is no reason why the zloty should depreciate. The president of the Bank of Poland, M. Karpinski, was emphatic in a statement to the Press that the panic on the exchange market was not in the slightest justified by reasons of a financial nature. For the past three months the balance of foreign trade had been favourable, and of late no events had taken place of a nature justifying the vacillations that had occurred in the zloty exchange. The rise in the Western exchanges had its origin in purely psychological causes, amongst which the hoarding of dollars by the public played a conspicuous part. M. Karpinski concluded by saying that the publication of the Government's finance programme would have a definitely reassuring effect upon public opinion. After the speech to be made by the Minister of Finance, the public would be able to convince themselves that the Government had no intention of entering upon a policy of inflation, but was determined, by further reductions in the Budget, to stabilise the zloty exchange. The metallic cover of the zloty circulation was at the moment 34½ per cent., whereas the proportion required by law was no more than 33 per cent.

In a statement to the Press, the Minister of Finance, M. Zdziechowski, declared that the Government were firmly determined to employ all means in their power to prevent the country's economic situation becoming worse. The "flight" from the zloty seen in the last few days was quite unjustified. He intended introducing in the Seym his programme of finance reform which included far-reaching reductions in the Budget for 1926. The budget for December was already balanced. In all matters of currency policy the Minister of Finance would act in agreement with the Bank of Poland. Finally, he assured his hearers, the Government would not issue any new treasury bills.

In similar terms the Federation of Polish Industries and the Commercial and Miners' Union have issued a declaration to the effect that there is no banknote inflation in Poland, but that on the contrary the demand for the zloty was in excess of the supply. In connection with the finance programme of the Government, these bodies demand an extensive reduction in the State Budget. In conclusion it is declared that a fight against the prevailing high prices is the first duty of all economic factors, and traders and all business circles are asked to refrain from transactions in geld valuta.

The Polish Cabinet Council have also had under consideration the means to be adopted to prevent a further fall of the zloty, and are likewise determined to leave no step untried in the effort. On November 30 last the so-called Economy Committee initiated by M. Zdziechowski, the Minister of Finance, and the object of which is to secure some far-reaching "cuts" in the Budget held its first meeting. There is little doubt that the efforts of the Polish Government and the various economic factors in this matter will call for a great deal of energy and a good deal of sacrifice, but it is expected that the efforts will not fail of their purpose.

Treasury Returns and Proposed Economies.—According to the *Kurjer Polski* the receipts of the various Ministries, the State undertakings and the monopolies in October last amounted to 138,340,273 zlotys. The expenditure for the month, as fixed by the Budget, totalled 133,633,071 zlotys. This gives a surplus of approximately five millions.

The Minister of Finance proposes to reduce the 1925 Budget by about 25 per cent., or approximately 500 mill. zlotys. The reduction in the cost of administration and in the salaries of State employees will effect a saving of some 240 to 250 mill. zlotys, whilst a further economy will be made by reducing the army estimates by about 150 mill. zlotys. The result of these efforts will naturally depend largely upon the future course of the zloty in the Exchanges.

The Public Debt.—The Polish Public Debt amounts to a total of 1,733 mill. zlotys, of which sum emission debts represent 366 millions and the consolidated debt 1,367 millions. For the settlement of the internal debt the Budget for 1926 provides for 1,029,000 zlotys amortisation and 11,064,000 zlotys interest. Instalments on the foreign debt will amount to 26,057,000 zlotys, of which 14.5 mill. zlotys will be paid to the United States, 1.1 million to Great Britain, 2.8 millions to France and 3 millions to Italy. Interest payments amount to 39,891,000 zlotys. (*Mitteleuropäische Wirtschaft, Neue Freie Presse.*)

The *Agence Economique et Financière* learns from Warsaw that the Government has approved the bill to be introduced in the Seym concerning the loan of 6 mill.

dollars contracted in connection with the matches monopoly. The loan in question is a Seven per Cent. and is to be liquidated in 20 years.

TRADE

Foreign Trade Returns.—The provisional returns of foreign trade in October, as issued by the Central Statistical Bureau, show that there was a favourable balance of 51.42 mill. zlotys for the month. The value of exports amounted to 131.5 mill. zlotys, whilst that of imports amounted to 80.08 mill. zlotys. Since last July there has been a marked improvement in the commercial exchanges with abroad, the adverse balance of 86.6 mill. zlotys in July dropping to 12 millions in August, with a favourable balance of 36 millions in September and of 51.4 mill. zlotys in October.

The course of the foreign trade exchanges during the first ten months of 1925 has been as shown hereby (in millions of zlotys) :—

1925.	Exports.	Imports.	Favourable (+) or adverse (—) balance.
January	107.5	168.9	— 61.4
February	103.0	151.1	— 48.1
March	120.4	190.1	— 69.7
April	89.6	182.7	— 93.1
May	105.9	185.6	— 79.7
June	103.6	169.4	— 65.8
July	86.7	173.3	— 86.6
August	104.4	116.4	— 12.0
September	108.8	72.8	+ 36.0
October	131.5	80.1	+ 51.4
	1,061.4	1,490.4	429.0

The tariff conflict with Germany began in July. In view of the great volume of trade between the two States the interruption was bound to have a considerable influence upon the foreign trade returns. The measures adopted by the Polish Government to restrict imports also from other countries were a further factor in bringing down the total value of imports from 173 mill. zlotys in July to but 80 millions in October. It is expected that when the commercial negotiations with various countries are concluded the volume of imports will again increase. If however the volume of exports can be maintained at the October level there would appear little reason for fearing a reversion to an adverse balance.

During the first three quarters of 1925 the exportation of cattle represented 72,100 head to the value of 12.6 mill. zlotys as against 20,847 head to the value of 5.7 mill. zlotys during the corresponding quarters of 1924. Swine imports amounted to 576,000 head to the value of 46 mill. zlotys as against 235,000 head to the value of 17.1 mill. zlotys during the corresponding period of the preceding year.

The Press reports that conferences have taken place in the Ministay of Commerce and Industry in respect to the creation of an official export institute. This institute would be controlled by a joint board of members of the Government, Parliamentary and economic circles. Its main object would be the extension of the foreign markets for Polish products and manufactures.

New Customs Tariff.—The new Polish Customs Tariff comes into force on January 1 and affects about 750 items, at 50 per cent. of the total tariff list. For the most part the changes indicate increases in the rates, in a few there are modifications and in other mere differentiation in classification. The items which came under the increased rates of May 19 last remain unaffected. Reductions in the tariff are provided for tanning extracts, raw vegetable and animal fats, steam ploughs and a few other kinds of agricultural machinery, yarn made of raw or natural or floss silk, carded wool and certain auxiliaries in the manufacture of dyes. The duty on copper is entirely raised. The most important increases are for rubber goods, up to 300 per cent. ; hardened steel tools for metal work, and high quality steel. Tanned leather and leather for soles and uppers receive an increase of 50 per cent. ; footwear, with the exception of military and very heavy boots, from 50 per cent. to 80 per cent. ; general textiles, an average increase of 25 per cent. ; the general metal wares group, 25 per cent. New duties are introduced for horses, swine and various kinds of poultry and game. Wheat remains duty free. The duty on motor cars is increased according to weight by 80 per cent. to 90 per cent. ; for general vehicles, lorries, etc., over 1.5 tons in weight, the duty is increased to 360 zlotys per 100 kilogrammes. For motor cycles the duty ranges from 80 to 100 zlotys per 100 kilogrammes and for aeroplanes from 200 to 250 zlotys. The increases of duty on May 19, referred to above, applied to fruit and fruit products, various spices, smokers' requisites, fancy shoes, precious stones, porcelain, gold and silver wares, musical instruments, scales, various textiles, clothing, fancy goods and a few others.

The Ministry of Commerce and Industry has issued a decree to the effect that until further notice no applications for licences to import oranges, fish, meat pastes, flowers, precious stones, ornaments of gold or enamel, platinum and silver goods, pearls, motor tyres, playing cards, ornamental feathers, and artificial flowers will be entertained. This order is equivalent to a prohibition to import these goods. (*Mitteleuropäische Wirtschaft, Neue Freie Presse* and *Central European Observer.*)

INDUSTRY

The Output of Coal in October.—The coal output of Polish Upper Silesia in October last amounted to a total of 1.86 mill. tons, as against 1.7 mill. tons in the preceding month. Of this quantity 604,279 tons were consumed in Upper Silesia (556,039 tons in September) and 660,901 tons (711,261) consigned to other parts of the country. The volume exported was 603,349 tons, as against 514,639 tons in September. During the month the stock of slacks dropped from 1,018,407 tons to 976,924 tons. The main coal exports during this month were 238,000 tons to Austria, 84,000 tons to Hungary, 70,000 tons to Sweden, 53,000 tons to Denmark, 41,000 tons to Czechoslovakia, 24,000 tons to Latvia and 14,000 tons to Yugo-Slavia.

The Government's proposals concerning the new uniform mining law for the Republic will probably be submitted to Parliament during the month of January. (*Mitteleuropäische Wirtschaft, Neue Freie Presse.*)

Crisis in the Textile Industry.—The crisis in the Polish textile industry still continues unabated. Further numerous dismissals of workers are announced from Lodz, and some of the mills are selling off their machinery. A French concern is reported to have purchased such machinery for 400,000 dollars. At Bialostok, where 70,000 spindles were in operation two years ago, only 10,000 spindles are now at work. The number of looms there has declined from 1,200 to 250, and the number of workers from 7,000 to 700. (*Central European Observer.*)

Crisis in the Petroleum Industry.—During the past few months, writes Dr. Bruno Singermann in the *Prager Presse*, the aggravated and growing scarcity of money and credit that accompanied the depreciation of the zloty in the foreign markets has struck a heavy blow at the Polish petroleum industry, which was already in a critical situation. It is difficult to distinguish cause and effect in the vicious circle of the Government's financial measures. With the interruption of the normal course of the currency the Government applied a rigorous control on capital inland. The retaliatory measures adopted by the neighbouring States had a direct effect upon the Polish petroleum industry. The worst blow was the barring of the German and Czechoslovak markets to Polish imports from Poland. Since the Austrian market has been as good as lost Germany and Czechoslovakia have during the past few years proved the most important markets for Polish petroleum. The exclusion of Polish oil products from these markets could not be made good by the creation of fresh markets, and the home consumption is not sufficient to keep the petroleum busy. The refineries naturally reduced their purchases of crude oil and some of the more moderate concerns were not able to pay cash. The oil companies have also been depleted of most of their capital during the past few years. Enterprise has been killed; the oil companies are naturally not undertaking fresh borings except where they are obliged to do so in order to maintain their concessions.

The Ministry of Commerce and Industry has now permitted the exportation of 2,000 truckloads, or 20,000 tons, of crude oil and the home refineries have under the circumstances raised no objection to this course. As the exportation of crude oil is forbidden by law the present permission is made dependent upon a number of conditions. One stipulation is that only the producers may reap advantage from the concession; a further stipulation is to the effect that the foreign bills or currency received in payment of these exports must be deposited at the Bank Polski. This measure will to a degree improve the situation of the oil producers.

RUMANIA

FINANCE

The Budget for 1926.—The Budget estimates for the financial year 1926 differ from former budgets not only on account of the augmentation of the figures of revenue and expenditure, but also as a result of the new railway autonomy law and other measures which have been passed during the year. The Railway Budget, estimated at about ten milliards of lei, has been withdrawn from the general Budget. The total revenue for the coming year is estimated at 29,250.0 mill. lei, but this sum includes 1,000.0 mill. lei brought forward from the Budget for 1925. The total expenditure also figures at 29,250.0 mill. lei, which is 5,774.7 mill. lei higher than in the 1925 Budget. This increase is offset by an increase of 6.25 millions in revenue. By virtue of the new administrative law the communities which hitherto received State subventions must now cover their own requirements. The law of commercialisation has also modified the structure of the Budget. Enterprises such as the iron mines of Cujir, the coal mines of Petrosani and those connected with the exploitation of natural gas have passed under their own administration and now draw up independent budgets, the State Budget recording only the amount of profit accruing to the State from these enterprises.

The various items of revenue estimated for the year 1926, in comparison with the figures for 1925, are as follows (in millions of lei):—

Estimated Revenue.	1925.	1926.
Direct taxes...	3,498.0	4,454.5
Indirect taxes	9,635.0	10,359.0
Stamp duties, etc.	1,601.5	2,781.0
State monopolies	4,711.4	5,752.0
Ministry of Communications	1,260.1	1,895.6
State lands	384.0	433.1
Subventions	18.8	23.3
Ministry of Finance	640.6	1,089.9
,, ,, the Interior	38.6	62.5
,, ,, Justice	54.5	91.9
,, ,, Foreign Affairs	70.0	60.0
,, ,, Agriculture	41.1	33.4
,, ,, Public Health	158.1	180.6
,, ,, Labour	38.5	42.9
,, ,, Industry	771.5	903.4
,, ,, War	20.2	35.7
,, ,, Public Works	2.5	2.5
,, ,, Public Instruction	33.9	29.7
,, ,, Culture and Fine Arts ...	13.8	18.8
Total	23,000.5	28,250.0
Brought forward from 1925 Budget		1,000.0
Total for 1926		29,250.0

The chief increases for the coming year accrue from direct taxes (956 mill. lei), indirect taxes (724 mill. lei), stamp duties, etc. (1,179.5 mill. lei), State monopolies (1,041 mill. lei), communications (635.5 mill. lei). Proportional increases are also recorded by most of the other sources of revenue.

The items of estimated expenditure for the coming year, in comparison with the figures for 1925, are as follows (in millions of lei):—

Estimated Expenditure.	1925.	1926.
Ministry of War	4,324.6	5,024.6
,, ,, Finance	7,607.5	9,193.5
,, ,, Public Instruction	2,150.7	2,643.0
,, ,, Culture and Fine Arts ...	551.6	656.8
,, ,, the Interior	1,253.9	1,465.6
,, ,, Public Works	306.2	258.1
,, ,, Justice	512.0	648.8
,, ,, Agriculture	723.2	795.5
,, ,, Industry and Commerce ...	438.7	333.5
,, ,, Foreign Affairs	227.9	50.8
,, ,, Public Health	901.0	918.9
,, ,, Labour	103.0	125.5
,, ,, Communications	1,161.7	1,398.0
Ministerial Council	3.2	3.9
Total	20,265.7	23,516.8
For improvement of salaries and pensions of State employees	2,000.0	3,000.0
Assignment for war indemnity, etc. ...	250.0	—
For opening credits	959.5	1,338.2
For communities	—	394.8
Balance from 1925, to improve salaries of State employees	—	1,000.0
Total	23,475.2	29,250.0

Leaving out of consideration the sums assigned for increasing the salaries and pensions of State employees, the most notable increase of expenditure for the year is the additional 1,586.1 mill. lei for the Ministry of Finance. This augmentation is justified by the charges imposed upon the Ministry of Finance by the Public Debt, in accordance with the agreements concluded in 1925 and the arrangements made for the settlement of the Inter-Allied debts. The supplementary credits also demand a larger sum than last year.

In a critical contribution to the *Bursa*, J.B.F. writes that the Budget Bill may already be regarded as law, since the Parliament is disciplined. The Budget is based on a surrender. It shows signs of the conviction now acquired by the Government that praiseworthy desires, built upon illusions, for repairing and strengthening the State must give place to a programme inspired by the present realities. All the great projects for the economic reconstruction of the country is left, in the new Budget, to the charge of an appeal to foreign capital. The great efforts made to augment the receipts result almost entirely in the ability slightly to increase the salaries of State employees. Beyond this there is scarcely sufficient to keep the various organs of State functioning in their present miserable conditions. The four great and immediate necessities of Rumania, namely the payment of the Public Debt, the repairing and the development of the railway system, the stabilisation of the currency, and the satisfying of the cultural needs of the country, all these are left to the charge of future foreign loans. On the other hand, the Budget has admittedly been drawn up with the utmost caution and circumspection.

In the opinion of the *Indépendance Roumaine* the new Budget is an important step towards the definitive consolidation of the country's financial situation, both abroad and at home. Four years ago the country was scarcely able to meet the domestic demands, not to mention the claims made upon it from abroad. By following a wise and precautious policy the Government has now succeeded in establishing a budgetary surplus. Internal debts have been liquidated and foreign debts consolidated. The present Budget indicates that the moment has arrived when the country can safely apply for foreign loans.

Treasury Receipts January to October.—The receipts collected by the Treasury during the month of October last amounted to 2,868,501,337 lei, thus bringing the total receipts from January 1 to the end of October to the sum of 23,070,209,290.67 lei. The railway receipts for the same period figure at 3,203.3 mill. lei. The sums collected in the joint account therefore exceed 26,273.5 mill. lei. The revenue returns for November and December will probably be higher than the October receipts. In November and December 1924 the revenue rose to over 6,040.1 mill. lei. Taking this sum as the approximate yield of revenue and railways receipts in November, the year's revenue would represent over 32,313.6 mill. lei. This sum completely covers the figure of the 1925 Budget and leaves an appreciable surplus. (*Bursa.*)

The Public Debt.—The table below, which comprises the sums provided by the Budget for the payments of the Public Debt in the coming financial year, shows that the total assigned for this purpose amounts to over four and a half milliards of lei, besides the sum estimated by the Budget for the payment of the annuities of the Inter-Allied debts. The figures for 1926 are hereby compared with the payments in 1925 (in lei):—

Public Debt payments as at January 1, 1926.

	1926.	1925.
Consolidated public debt, payable in French currency ...	80,583,196	72,347,116
Interior and foreign consolidated, payable in lei ...	831,280,996	811,359,546
Internal floating debt ...	657,032,621	52,215,856
Annual payments of special obligations relative to the consolidation, in sound currency	141,987,594	136,462,838
Difference in the course and expenses of the public debt	2,942,934,883	2,601,532,431
Rentes and miscellaneous ...	674,517	462,669
Total	4,654,484,808	3,674,380,456

The considerable increase in the internal floating debt is due to the inscription, for the first time, of the annuity provided for in the agreement between the State and the National Bank for the payment of the issue made by the State.

The Government will probably prolong the moratorium granted to merchants who contracted pre-war debts in the country and with whom no agreement has yet been concluded for the consolidation of these debts. (*Bursa.*)

The *Agence Economique et Financière* learns from Bucharest that the remaining amount still due to Great Britain, after deducting the war indemnity, will be payable in 60 years, as from 1926.

The *Central European Observer* reports that the Bucharest Chamber of Commerce has decided to draft a bill to be submitted to Parliament providing for the settlement of pre-war debts of Rumanian merchants to Czechoslovakia, Holland, Spain and all other countries not included in the arrangements made with British, United States and French creditors.

Financial Agreement with the United States.—The Rumanian Financial Delegation has arrived at a definite agreement with the United States for the settlement of the Rumanian war debts to that country. The agreement takes into full account the present financial difficulties of Rumania. The repayment is to be effected within 62 years with an interest of 3 per cent. during the first ten years and of 3½ per cent. during the remaining 52 years. Reductions of interest have been secured for the debt of $12,922,675, contracted in 1919 for military requirements at 5 per cent. interest, and for the debt of $23,205,809.52 contracted in 1920 for the provisioning of the army and also at the rate of 5 per cent. interest. These rates of interest have been brought down to 4 per cent. and calculated up to January 1, 1922, from which date to January 1, 1926, the rate of interest has been calculated at only 3 per cent. simple. The capital sum due as on January 1, 1926, has been fixed at $45 mill. Certain facilities have been secured in respect to the repayment of this sum. The payment of the integral annuities need not be commenced before 1940 and the interest of 3 per cent. will be as from 1935. Rumania has secured the option of making the following annual payments towards amortisation and interest during the first fifteen years: In 1926, 200,000 dollars; in each successive year to 1932 an increase of 100,000 dollars per annum, so that the amount for 1932 is 800,000 dollars; in 1933, 1,000,000 dollars; in each successive year to 1938 an increased payment of 200,000 dollars per annum, so that the amount in 1938 is 2,000,000 dollars, in 1940 2,300,000 dollars. From this year onwards to the end of the period of 62 years the integral annuities will be paid.

The Press in general cordially welcomes the agreement and considers that the provisions are favourable for Rumania. In an article on this subject in the *Bursa*, however, I.B.F. shows that all Governments who have so far concluded financial agreements with the United States have endeavoured to prove to the home population that certain reductions have been secured. This is largely for the sake of creating a favourable feeling among the people. The United States has declared that in no case will a diminution in the capital sum due be agreed to. The case of Rumania is no exception to the rule. The terms accorded to Rumania are in no way better than those also granted to Great Britain; the concessions amount solely to a reduction in the rate of interest formerly agreed upon, and certain facilities in respect to payments during the period of the financial consolidation of the country.

Agreements between the Government and the National Bank.—On January 1, 1926, two agreements, concluded between the Government and the National Bank, come into force. Both of these agreements prepare the way for the new regulation of the currency conditions. The first chiefly concerns the gradual cancellation of the note issue, for State requirements, and the augmentation of the metal cover. The methods to be adopted to this end were described in THE ECONOMIC REVIEW, under date October 2, 1925 (Vol. XII., No. 14). By the provisions of the second of these agreements, as reported by the *Wirtschaftliche Nachrichten*, the National Bank's privilege of issuing notes is extended till December 31, 1960. Other important statutory alterations are also provided for. In raising its nominal capital from 12 mill. to 100 mill. lei, by the issue of 176,000 shares of 500 lei each, the National Bank allots to the Government one-third of the total number of shares. Present shareholders have 36,000 shares placed at their disposal, for which they may apply at the rate of three new shares for every two former shares. It is reported that only persons of Rumanian nationality will be permitted to hold shares in the Bank. According to the new statutes the National Bank may participate in any international organisation that may be founded for the purpose of promoting co-operation among banks of issue. It may also convoke twice a year a special meeting for enquiring into the prevailing economic and financial conditions. Rumanian State papers in gold lei are to be regarded as foreign currency and bills. The National Bank further pledges itself to conduct all operations for the State free of charge.

TRADE

Foreign Trade Intelligence.—The respective volumes of exports in July and August last were as follows (in tons):—

Exports.	July.	August.
Maize	31,090	16,332
Barley	7,772	34,384
Wheat	—	1,176
Oats	436	23
Millet	179	2
Wheat flour	2,477	297
Bran for cereals	135	20
Beans	1,814	881
Firewood	118,408	103,532
Oak for building	1,078	941
Green timber	6,414	5,470
Pine planks	105,519	84,705
Other resinous wood	23,732	12,022
Petroleum residues	20,332	13,984
Refined petroleum	18,945	42,466
Benzine	13,400	28,362
Mineral oils	6,366	2,564
Salt	—	600
Eggs (pieces)	30,640,905	30,244,449
Horned cattle (head)	8,662	5,766
Rams "	905	4,798
Swine "	21,539	33,808

(*Bursa.*)

The *Mitteleuropäische Wirtschaft, Neue Freie Presse* points out that the adverse balance of foreign trade for the first half of the present year was largely due to forced imports of metal wares and manufactured articles generally, but especially of finished machinery. These commodities together accounted for an increase of 50,177 tons to the value of 2,637,476,584 lei for this period. The prohibition issued by the Ministries of Industry and Finance respecting the importation of second-hand machinery for textiles has caused many factories to order new machines. There is a great interest for silk looms and riband machinery. A special permit, issued by the Ministry of Commerce and Industry, is required for the importation of such machinery.

The Government is reported to have drafted a bill respecting the autonomy of Rumanian ports. It is stated that the ports of Braila, Giurgiu, Galatz and Constantza will in future be managed by a board composed of representatives of the State, the municipality, the Comitat, of shipping interests and industrial and commercial concerns. This board will be elected for a period of five years. The chief port authorities will have their head office in Bucharest.

The *Central European Observer* reports that some changes in the Rumanian export tariff have just been put into effect. Salt and other monopoly commodities are free, while the duty on cement and gypsum has been reduced to 100 lei per truckload of 10 tons; that on ultramarine to 5 lei per 100 kilogrammes; in ammonia the same; on hats the same; on fruit, both fresh and dried, 200 lei per 10 tons. According to the *Wirtschaftliche Nachrichten*, the Rumanian Government has temporarily prohibited the importation of calves and horned cattle from Poland.

INDUSTRY AND AGRICULTURE

Alteration of the Mines Act.—The Government has submitted to Parliament a bill proposing to modify Article 32 of the Mines Law to the advantage of foreign capital. The Article in question hitherto provided that mining concessions should be granted only to those companies, sixty per cent. of whose capital and shares was in Rumanian hands. This restriction is considerably relaxed by the present proposals, so that a bare majority only, namely fifty-one per cent. of the capital and shares need be in the hands of Rumanian subjects. The alteration in the law will enable the Romana Americana, the Astra Romana and many other petroleum concerns with a large amount of foreign capital to obtain fresh mining concessions.

Progress in the Petroleum Output.—The monthly returns of the output of petroleum in Rumania show that the industry has now reached a stage hitherto unapproached, even before the war. The daily output is between 700 and 800 truck-loads. The output for 1926 is officially estimated at 215,000 truckloads, but the *Bursa* believes that this figure is too modest and that the output will reach the record of 230,000 truckloads even in 1925, probably exceeding this total in 1926. There is a 2 per cent. tax on the amount extracted, so that on the official estimate for 1926 the Government will receive a sum of about 94,600,000 lei, reckoning the average price per truckload at 22,000 lei. In addition to this tax the Government receives as its share in the undertakings about 18,500 truckloads per annum. This means that the total accruing to the Government from the working of the petroleum industry approximates 500 mill. lei per annum.

The Ministry of Industry has authorised a large number of petroleum companies to open fresh wells and to carry on further investigations.

Sugar Production.—From the latest reports received from various parts of the country it appears that this year's sugar production is exceptionally satisfactory. In 1924 the total production amounted to some 9,000 truckloads, or about 90,000 tons. The total production for 1925 is estimated at 13,000 truckloads, or about 130,000 tons. The home consumption of sugar is about 110,000 tons, so that a surplus of some 20,000 tons out of the present stocks will be available for exportation. The refineries pay 80 lei per metric cwt. for sugar beet and an agreement has been made to pay the growers a portion of the profits. This will probably mean an extra 40 lei per metric cwt. for the sugar beet growers. (*Mitteleuropäische Wirtschaft, Neue Freie Presse.*)

It is reported that the most important breweries in Rumania are negotiating for the formation of a large brewing trust.

SOCIAL AND LABOUR CONDITIONS

Reorganisation of Co-operative Societies.—According to the Rumanian Press the Ministry of Labour has drafted a bill for the re-organisation of co-operative societies. The main features of the proposals are as stated hereby. Financially the co-operative societies are to be regarded as commercial companies. The minimum number of first members required for founding an agricultural co-operative society is seven; for other societies engaged in production the minimum number is twenty. Persons who are privately engaged in the same occupation as the society itself, or who have been previously convicted, are excluded from membership. Societies that are engaged upon the production of articles of necessity are not allowed to deliver to members on credit. If a member's subscription amounts to more than one-tenth of the total capital of the society the sum in excess of one-tenth of the capital must be refunded to the member during the course of the ensuing year. Members of a society must be residents in the locality where the society has its office; in exceptional cases only will members be admitted from neighbouring districts. Members of the board of management receive no remuneration for holding such posts, but will be granted a fee for each meeting attended. The management boards will be elected for a period of three years. Only Rumanian citizens will be admitted to the responsible posts in the societies. A central office with a chief council will be established for the general control of the various societies, whose work will also be to carry on propaganda, to elaborate statistics and to ensure that the law relating to the societies is observed.

FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	3½	Dublin	6	Prague	6½
Athens	10	Geneva	3½	Reval	9
Belfast	6	Helsingfors	7½	Riga	8
Belgrade ...	6	Kovno	7	Rome	7
Berlin	9	Lisbon	9	Sofia	7
Brussels	7	Madrid ...	5	Stockholm ...	4½
Bucharest ...	6	Moscow ...	8	Tokyo	7.3
Budapest ...	7	New York...	3½	Vienna	9
Copenhagen...	5½	Oslo	5	Warsaw	12
Danzig	9	Paris	6		

The official discount rates of the State Bank in Moscow for bills at two months is 8 per cent, for bills at four months 9 per cent., and for bills at six months 9½ per cent.

SPECIAL ARTICLES

SUGAR.

By F. SCHNEIDER, JR.

Reprinted from *Foreign Affairs*, an American quarterly review, New York, by special permission of the Editor. Mr. Schneider is the Financial Editor of the New York *Sun*, and formerly acted in the same capacity on the New York *Evening Post*.

Since its first appearance sugar has exercised an important effect on the development of world commerce. It has influenced the course of discovery; it has created great political issues. Conversely, the commodity itself has reacted often to the pressure of political events; its industrial history has been altered by the policies of sovereigns, ministries and parliaments. It has influenced politics and been a prey to politics. One writer * goes so far as to declare that "Probably no other industry has maintained so persistently a reputation for unjust discrimination and maladministration."

Sugar appears to be one of the many things that came to western civilisation from beyond the Arabian plains in Asia. Sugar cane is known to have been cultivated in India before the start of the Christian era. The soldiers of Alexander the Great brought back from the banks of the Indus the "honey-bearing reed." The real introduction of sugar into Europe came, however, at a considerably later date. From India the use of sugar spread east and west. Sugar cane was known in China before Christ; the art of refining seems to have spread there from India by the early part of the seventh century A.D. By the same time the production of sugar was solidly established in Persia. There the Arabs found it at the time of their conquest. Turning westward with their wars to extend the teachings of Mohammed the Arabs carried sugar cane with them. They introduced its cultivation into Egypt, and, by way of north Africa, into Spain. The industry became well established around the Levant; and there the Crusaders became familiar with the commodity. Returning home, they introduced its use to Europe generally. A flourishing sugar trade developed between Europe and the Levant and Asia Minor, the great northern Italian cities, principally Venice, acting as distributing centres. Sugar became one of the more important commodities dealt in over these great mediaeval trade routes.

By the close of the fifteenth century, however, the evolution of the industry had taken a new turn. In 1453 the Turks took Constantinople; by 1517 they had taken Cairo; and their control of the Levant and overland traffic to the East was complete. Europe, tired of the exactions and dangers of the trade with and through Asia Minor, was seeking new routes to the East; the age of discovery was on. The Portuguese and Spaniards, who had found a new continent instead of a new way to India and Cathay, were about to take sugar cane to the West Indies. Venice was to lose and London to gain title to the world's sugar market. By this time sugar no longer was a commodity of the apothecary, but it was still a luxury. In 1482 it sold for as much as $2.75 a pound in the London market.

The beginnings of the independence from eastern supplies were laid, however, even before the Turkish conquests. The Portuguese started the cultivation of sugar cane in Madeira in 1420. In 1432 they carried it to the Azores, later on to the Cape Verde Islands and St. Thomas. By 1494 they had started what was to be a rapidly growing industry in San Domingo. During the early part of the sixteenth century the Portuguese and Spaniards carried the cultivation of sugar throughout the West Indies and into South America; they came to dominate the sugar trade. Antwerp first and then London became great refining centres from which sugar was distributed to the consuming countries of northern Europe. The discovery of cocoa in the West Indies and its rapid adoption as a beverage greatly stimulated the demand for sugar, just as the introduction of coffee, which came later in 1650, and the wide popularity it shared with tea, gave the industry another great stimulus. Later on the French, Dutch and British, extending their colonial activities and displacing the Spaniards and Portuguese, became the chief factors in the American sugar trade. More was heard of governmental interference with trade, through duties and navigation acts. Sugar became a large factor in the slave trade. The sugar plantations needed a large supply of cheap labour that could stand tropical conditions; the West Indian colonies supplied the sugar and other materials that furnished the basis for a triangular trade between Africa, America and Europe. The growing use of sugar during this period is indicated by the fact that consumption in Great Britain increased from 10,000 tons in 1700 to 150,000 tons in 1800.

As the nineteenth century approached there began to take place another great change in the development of the world's sugar industry, comparable to that which started with the age of discovery. The quarrels between the maritime nations of Europe had made the West Indian sugar trade increasingly dangerous. With British sea power established at Trafalgar, Napoleon instituted his Continental System. He prohibited all

* G. T. Surface: "The Story of Sugar"; D. Appleton and Co., 1917. For discussion of the history of the sugar industry see also G. M. Rolph: "Something about Sugar"; J. J. Newbegin, San Francisco, 1917.

trade with England; in retaliation, Britain blockaded the ports of Europe. Napoleon had hoped to replace the West Indian sugar by eastern sugar brought over the old overland trade routes. He also had in mind the development of substitutes. Margraff had shown in 1747 that sugar could be extracted from beets. A few experimental beet sugar factories had been built in France and Prussia. Chemists had been exploring the possibilities. Napoleon offered the first government bounty on beet sugar in 1806; in 1811 he issued a decree to put 79,000 acres of French land into beet cultivation and started the industry off on large-scale operation. Napoleon's fall and the break in the blockade brought a collapse in sugar prices and put the beet industry to a severe test. German and French beet production fell off seriously; but the industry received aid from another quarter—the abolition of slavery in the European colonies, a development that came between the years 1825 and 1850. The change in the labour basis for the production of West Indian sugar was sufficiently disturbing materially to reduce the competitive effort from that region and greatly to strengthen the position of the young beet sugar industry. In any event, the production of beet sugar increased so that its proportion of the world's sugar crop grew from 14 per cent. in 1852–53 to 65 per cent. at the start of the twentieth century. In the earlier year the beet grower produced only 202,000 tons of sugar as against 1,260,000 of cane sugar; in 1899–1900 he produced 5,410,000 tons as against 2,880,000 tons of cane. At the start of the World War the figures were 8,908,000 and 9,879,000. The twentieth century, in short, witnessed the opening up on a huge scale of an entirely new supply of sugar.

To say that this development of the last century brought to its full fruition man's ability to interfere with the normal economic evolution of the sugar industry would not, perhaps, be an exaggeration. One might even go further and say that the history of the sugar industry during the twentieth century illustrates man at his best, or worst, in attempting to substitute his own conceits for free operation of the natural process of trade. Certainly the story abounds with instances of countries attempting to secure advantages by offensive and defensive legislation and of countries attempting programmes of industrial development without any very clear idea of where they were leading.

The European beet industry from the start was fed on bounties. Napoleon started the ball rolling in 1806. By the time the system was in full swing all the chief European producing countries were subjecting the industry to a strong stimulus. In each case high import duties were installed to keep out foreign sugar, and in addition a bounty was offered for domestic production. The bounty might be direct, or it might be indirect, as was the case when the internal excise tax was kept below the import duty. The system greatly stimulated export business and fostered pooling within individual countries and dumping without. England benefited by these supplies of bounty-fed sugars which commonly were offered below the cost of production. The result was the paradoxical picture of England, the great free trade country, finding great virtues in the protective policies of its neighbours. The cost was borne, of course, by the consumers in the producing countries, where sugar prices were high on account of the high import duties and excise taxes. Meanwhile the artificial margin of profit that the system offered to producers led to quite natural and characteristic abuses.

While England itself profited by the situation, however, things were quite otherwise with its sugar-growing colonies, which suffered severely from bounty-sustained competition. The bounty-paying governments also began to feel the weight of the burdens they had assumed. The upshot of the matter was that the British Government in 1887 sent out invitations to an international conference. A meeting was held at London and an agreement was drawn up calling for the abandonment of bounties on production or exports and providing for the barring of bountied sugars by importing countries. This convention of 1888 failed of ratification, partly because France was unwilling to adhere and partly because of opposition in Great Britain itself.

Things came to a head a few years later. Germany doubled export bounties in 1895 and competing countries followed suit. Joseph Chamberlain, British Colonial Secretary, asked for and obtained a royal commission investigation of the effects upon the West Indian colonies. The United States set up countervailing duties on bountied sugars. A new international conference was held at Brussels in 1898 at the invitation of the Belgian Government. After much discussion a new agreement hung fire. France was unwilling to drop all bounties and Russia had reservations of her own. In the spring of 1899, however, the Indian Government set up countervailing duties and another dumping ground for cheap sugars was closed. Late in 1901 another session of the conference was held at Brussels and a convention was signed in 1902 which was ratified in 1903. This Brussels Convention, which suppressed the bounties and stopped the "hothousing" of the beet industry in Europe, remained in force with minor modifications up to the outbreak of the World War. Since the war, and with the many new countries created by the peace seeking to strengthen their home industries, a new system of duties has sprung up. The resulting situation embodies one of the tariff problems that Europe is coming to realise will call for some kind of conference and compromise if the economic recovery of the continent is not to be impeded.

Our own experience with sugar duties is of long standing. After the Civil War, and up to 1890, the tariff amounted to about two cents a pound. The McKinley Bill, which became effective 1891, substituted for the tariff a bounty of two cents a pound. The Wilson Bill of 1894 did away with the bounty and substituted a tariff of 40 per cent. *ad valorem* which, at the prices prevailing, amounted to about one cent a pound. The Dingley Bill of 1897 restored the duty to close to the old rate. No change was made in the Payne-Aldrich Act of 1909. The Underwood Act of 1913 cut the rate to 1¼ cent and gave a reduction of 20 per cent. to Cuban sugar. It also contemplated the ultimate abolition of the duty, but this intention never was carried out. When the Republicans came into power after the close of the war they passed the Emergency Tariff Act of 1921 which raised the duty to 1.60 cent. In the Revenue Act of 1922 the duty was further raised to 1.7648 cent, where it still stands, the President having refused to lower it in accordance with the authority granted him by the "flexible provision" of the last tariff act.

The effects of our own tariffs have been not greatly dissimilar from those experienced abroad. The price of sugar to the consumer has been raised, the Government has obtained important revenue, and an artificial stimulus has been put on the growing of sugar within the United States and its insular possessions. As to the revenue side of the matter, it has been estimated that out of a total tax on sugar consumers in 1922 of $216,000,000 the Treasury obtained $124,000,000, while the remaining $92,000,000 were distributed in the form of an indirect bounty to domestic producers.* Of the latter sum the beet industry is estimated to have obtained some $38,000,000, leaving $19,000,000 for Hawaiian producers, $13,000,000 for those in Porto Rico, $11,000,000 for domestic cane growers and $9,000,000 for the Philippine industry. Professor Taussig has shown very clearly how production in Hawaii was pushed to unnatural proportions, with the attendant creation of serious economic and social problems.† He has emphasised the difference between the acquisition by the United States of insular possessions with lop-sided

* P. G. Wright: "Sugar in Relation to the Tariff"; McGraw-Hill Book Co., 1924, p. 98.

† F. W. Taussig: "Some Aspects of the Tariff Question"; Harvard, 1918, p. 58.

economic developments and wholly undesirable social and political conditions and such acquisitions as Louisiana and Texas, which made possible "a great extension of the geographical division of labour." "It is difficult to find in the whole Hawaiian episode," he declares, "anything but one long course of error. The American consumer paid for thirty years (barring the brief respite while the McKinley tariff was in force) a tidy sum annually to the Hawaiian planters. In the later years of the period this tribute amounted to twelve or fifteen millions of dollars a year. For this there has been nothing of any real value to show,—unless it be a stepping-stone to the Philippines, another dependency hardly less unprofitable."

(*To be continued.*)

THE ECONOMIST'S BOOKSHELF.

THE EFFECTS OF THE WAR ON ITALY.

La Salute Pubblica in Italia durante e dopo la Guerra. By GIORGIO MORTARA. Professor of Statistics in the University of Milan.—Carnegie Endowment for International Peace. (Bari: Gius. Laterza & Figli.—London: Oxford University Press. Price, L.70.)

It is just sixty years ago since Ruskin told Englishwomen that no war in civilised countries would last a week if, instead of unroofing peasants' houses and ravaging peasants' fields in distant lands, it merely broke the china on their own drawing-room tables. The world war falsified many prophecies, but none, surely, more completely than this. The degree of fortitude and endurance shown by the civil population is a vital element in all modern warfare, and in the great "Economic and Social History of the World War," now being published by the Carnegie Endowment for International Peace under the direction of Professor James T. Shotwell, of Columbia University, the effects of the war, direct and indirect, transitory and permanent, upon the peaceful activities and social life of the nations concerned naturally occupy the most prominent place. A further volume relating to Italy has just been issued. It is by Professor Giorgio Mortara, of Milan University, the subject being "Public Health in Italy during and after the War." This work—dealing, as it does, mainly with civilian mortality, disease and privation and social abnormalities due to the war—may be regarded as a tale of the broken china tolerated by Italy, not for a week, but for over four years. Such tenacity—or foolishness, according to the point of view—on the part of belligerent peoples once a war has been begun must be reckoned with even by the promoters of international peace. In itself it is neither an incentive nor an obstacle to war, but it is assuredly an element favourable to its prolongation. These calm and objective studies of the social and economic effects of the war published by the Carnegie Endowment, while incidentally extending somewhat the Ruskinian limits of human—or at any rate feminine—endurance, cannot but prove a rich source of authoritative information for all who, desirous of ensuing peace, would appreciate something of that immediate and possibly enduring cost of war which cannot be entirely accounted for even in the most nicely balanced budgets.

Professor Mortara divides his work of some 600 pages into two parts, the first dealing with Mortality and Disease, the second with Births and Marriages. The mortality of the army and navy—aggregating about 600,000—is dealt with very briefly. That of the army as well as the civil population was adversely affected by the fact that from the outbreak of hostilities the Italian troops were in contact with populations whose sanitary conditions were much worse than their own. Later on, the capture of positions held by enemy troops infected with serious epidemic diseases proved a fresh menace both to the army and to the civil population. Some striking figures are given, with a minimum of comment and feeling, on the mortality of the Italian prisoners of war in enemy hands. Altogether some 600,000 prisoners were taken; about 100,000 never returned to Italy, and, allowing for 10,000 fatalities from wounds, from 80 to 90,000 deaths must be ascribed to disease, or nine times the proportion among enemy prisoners of war in Italy. The number of civilians killed as a result of enemy attacks on merchant vessels, and bombardments of open cities from the sea and air was 3,400. From the mortality list relating to towns subjected to air raids there appears to have been no sort of relationship between the number of bombs dropped and the resulting casualties. Thus, while Treviso had only 48 killed and 50 wounded as a result of 1,500 bombs, Bari had 48 killed and 67 wounded as a result of only 45 bombs. An interesting map is given showing the incidence of the 626 bombs dropped on Venice, by which 50 people were killed and 66 wounded. The mortality in the invaded region comprising the Belluno, Udine, Treviso and Venice provinces showed, in a population of 970,000, an excess of 26,775 deaths or 27.8 per 1,000, over the mean annual figure of 1912–14, Taking the Italian population as a whole, the mortality. which was 18.5 per 1,000 in 1912–13, was 17.9 in 1914, 20.4 in 1915, 19.7 in 1916, 19.2 in 1917, 33.0 in 1918, (due largely to the influenza epidemic), and 18.8 in 1919. From statistics for 1923 it appears that the absolute figures of mortality have now fallen below those of 1912–13, and that the effective increase in population—taking account of immigration and emigration—was in that year 381,000.

It is impossible here to do more than mention the detail, both statistical and explanatory, with which Professor Mortara traces the course assumed by mortality and disease in Italy during and since the war, of which the foregoing is the barest outline. Their incidence is in most cases indicated in relation to months, regions, age and sex, and their reaction on civil life, in so far as they are products of the war, is constantly apparent. Thus—to quote only one instance—there has been a notable increase in the mortality from tuberculosis among women between the ages of 20 and 40 since 1913–14, due mainly to infection from husbands who contracted it in the trenches or as prisoners of war.

The second portion of Professor Mortara's book, which deals with the birth rate and marriage rate as affected by the war, is of exceptional interest. As in most other civilised countries, the birth rate in Italy had already shown a declining tendency before the war. In 1912–13 the mean annual figure was 32 per 1,000 inhabitants, and in 1914 it had fallen to 31.1. During the five war years 1915 to 1919 the successive figures were 30.5, 24, 19.5, 18.1 and 21.4. In 1920 and 1921–22 the figure rose to 31.8 and 30.2 per 1,000 respectively, which was still below the pre-war level notwithstanding the increase in marriages immediately after the armistice. The total deficit in births due to the war is estimated at 1,400,000.

One interesting result of the war has been a decrease in the figures of illegitimacy (50,000 in 1922–23 compared with 53,500 in 1911–13). This movement was, however, most marked during the war years 1915–19, both absolutely and relatively. Thus in 1916, while the legitimate births declined by 21 per cent., the "acknowledged" illegitimate births decreased 41 per cent. compared with 1911–13. This was largely owing to the legalisation of free or extra-legal unions under pressure of the war, particularly in those departments of the old Papal States (Lazio, Emilia, Umbria, the Marches), and in the Venetian provinces and Tuscany, where such unions, whether sanctioned by the Church or not, were most frequent. The number of these unions, it appears, still shows a tendency to decrease compared with pre-war years, although there are certain influences, such as the loss of pension by war widows on their re-marriage, which tend to encourage them.

While the marriage rate in the five years 1914–18 decreased only 9.9 per 1,000 in Germany, 9.2 in France, and increased 0.8 in England, it declined no less than 16.8 per 1,000 in Italy as compared with 1912–13.

Professor Mortara attributes this—apart from special economic factors—mainly to the earlier and more extensive calling up of the youngest military classes, as compared even with France, and to the comparative infrequency of military leave, the full importance of which was recognised in the Italian army later than by the other belligerents. While the war naturally widowed a much greater number of women than men, the number of re-marriages among widows has been less than among widowers, no doubt partly owing to the pension regulation already mentioned. The incidence of marriage in regard to the ages of the contracting parties during the years 1915 to 1918 is the subject of a very interesting comparative table. As compared with 1914, for example, the number of men under 25 who in 1916 married women under 21 decreased 70 per cent., while the number of those of the same age who married women between 40 and 50 decreased only 30 per cent. The phenomenon was even more marked among men from 25 to 30; marriages with women under 21 decreased 74 per cent. and with women from 21 to 25 years of age 70 per cent., while those with women from 40 to 45 increased 4 per cent. This apparent preference for wives of mature years continued with men up to the age of 45, after which the opposite tendency was noticeable. In 1918, for example, the number of men between 45 and 55 who married women of 21 to 25 years of age showed an increase of 26 per cent., while the marriages with women between 40 and 50 decreased 23 per cent. The explanation of these abnormalities, which have tended to disappear more recently, but which must have exercised some effect on the nation's physique, is partly supply and demand, owing to the scarcity of younger men through death or absence at the front, and partly to the tendency, after war was declared, to regularise extra-legal unions, in which very frequently the greater age of the women had already proved one of the obstacles to marriage.

While it is only in regard to the contemporary and more or less immediate consequences of the war that Professor Mortara writes and marshals his interesting and valuable material, he is conscious of the difficulty, or rather the impossibility, of estimating or even tracing many of its ultimate effects. "For me it has been impossible," he writes in his conclusion, in reference to disease, "and it will be impossible for others, to form a conception of the extent to which the mortality from widely diffused diseases, such as heart maladies, may have increased owing to organic enfeeblement or functional disorders due to the unfavourable conditions of life experienced by combatants and prisoners. And it is almost equally difficult to trace the later consequences of the sufferings and privations sustained during the war period by the civil population." For in war, unhappily, the breaking of china does not by any means end with the last shot.

J. M.

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STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	1923								
May 14	391.2	325.5	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
July 16	418.8	316.9	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
1921			Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
Jan. 14	244.2	245.9	May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Apr. 15	202.8	204.8	June 15	190.0	159.3	Sept. 19	167.9	166.9	,, 20	153.9	
July 15	194.4	194.1	July 20	177.3	156.5	Oct. 17	172.5	170.2	,, 27	154.1	
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Dec. 4	153.5	
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	,, 11	153.5	
Dec. 30	150.0		Oct. 19	166.0	158.1	1925			,, 18	153.0	
1922			Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 25	153.9	
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Feb. 13	175.2	168.9			
May 19	162.1	160.6	1924			Mar. 13	172.8	166.3			
July 14	165.1	160.3	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5			
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	May 15	158.7	159.0			
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4	June 19	160.6	157.6			

CHART ILLUSTRATING TABLE I.

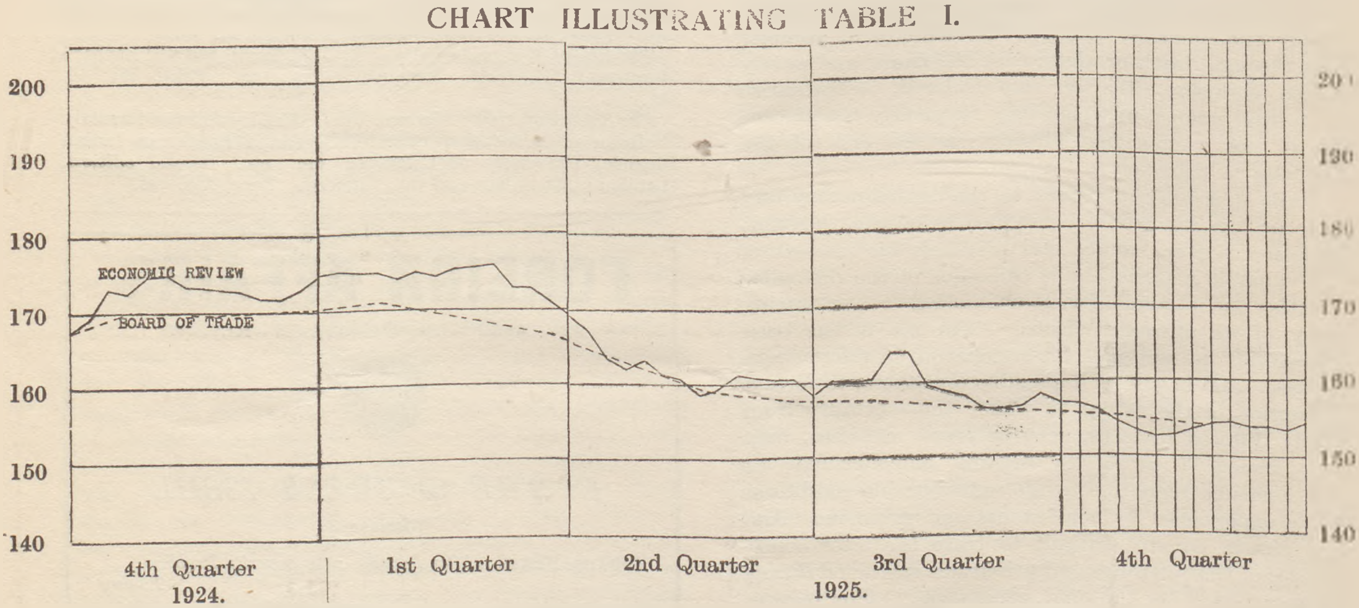


TABLE II.

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
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108 1	111.91	... Sept. 26
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
June 26 ...	77.8	147.9	63.2	147.4	114.7	115.6	84.1	121.7	98.2	85.9	105.65	... June 26
July 31 ...	76.4	154.1	94.3	146.5	118.2	115.6	101.4	111.5	90.0	83.5	109.15	... July 31
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
Nov. 27 ...	73.6	168.4	57.5	129.8	93.6	115.6	104.3	106.7	100.0	77.6	102.71	... Nov. 27
Dec. 18 ...	72.6	164.9	57.5	125.4	88.1	115.6	104.3	116.2	100.0	75.3	101.99	... Dec. 18
,, 25 ...	72.6	166.3	59.7	124.6	86.7	115.6	104.3	119.4	100.7	75.3	102.52	... ,, 25

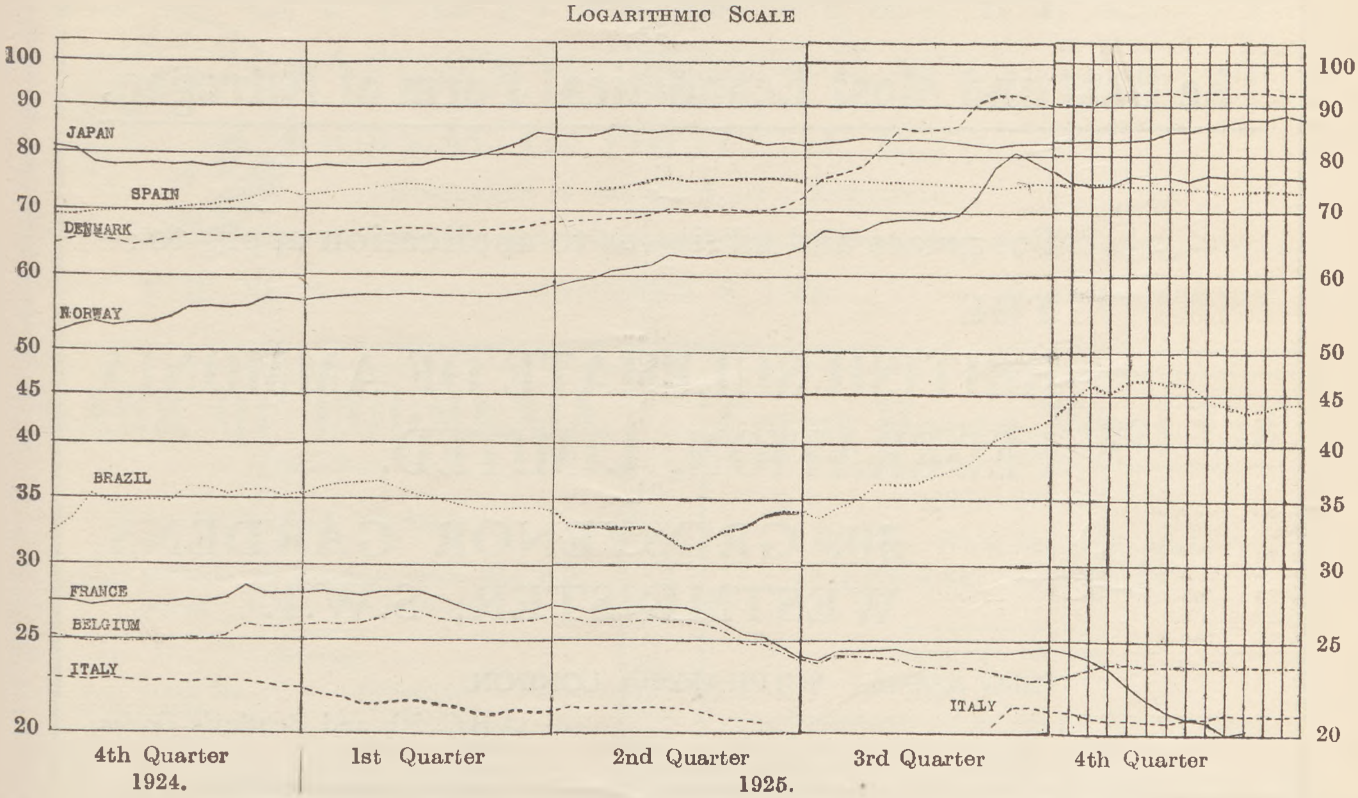
* Revised Quotation.

THE PAPER CURRENCIES.

(Percentage of Dollar Parity to Week ending December 19, 1925.)

Week Ending	Denmark.	Japan.	Norway.	Spain.	Brazil.	Belgium.	Italy.*	France.
Dec. 26 ...	92.7	87.1	75.7	73.4	44.2	23.5	20.9	19.1
,, 19 ...	92.7	88.1	75 9	73.4	43.9	23.5	20.9	19.0

* The curve for the Italian exchange, which fell below 20 per cent. from the week ending June 20th, 1925, is resumed from the week ending September 5th.



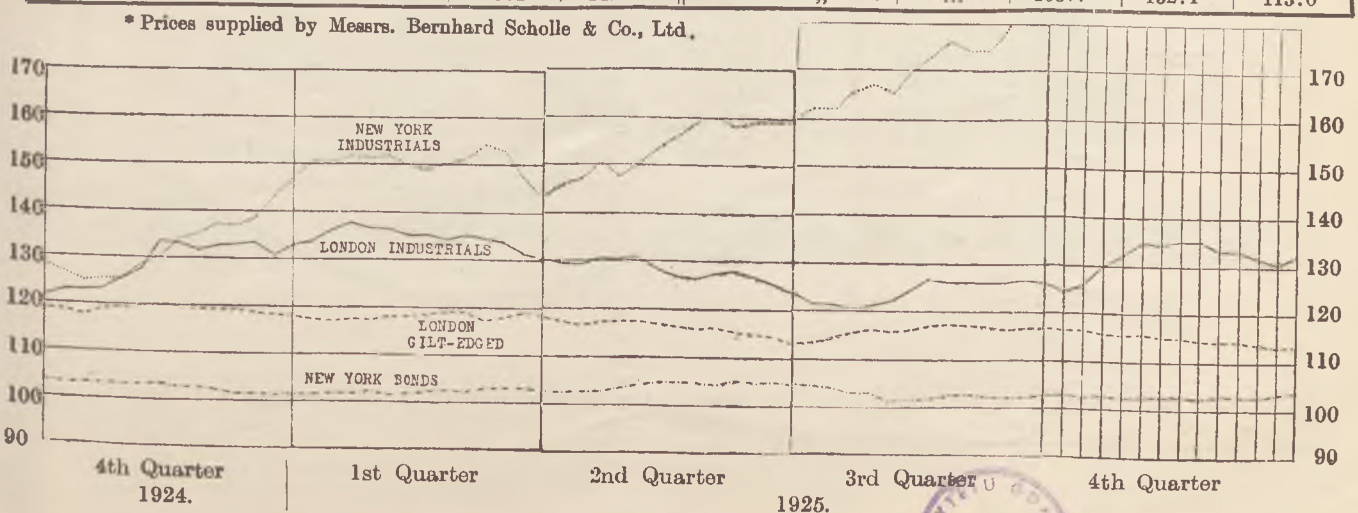
SECURITY PRICES.

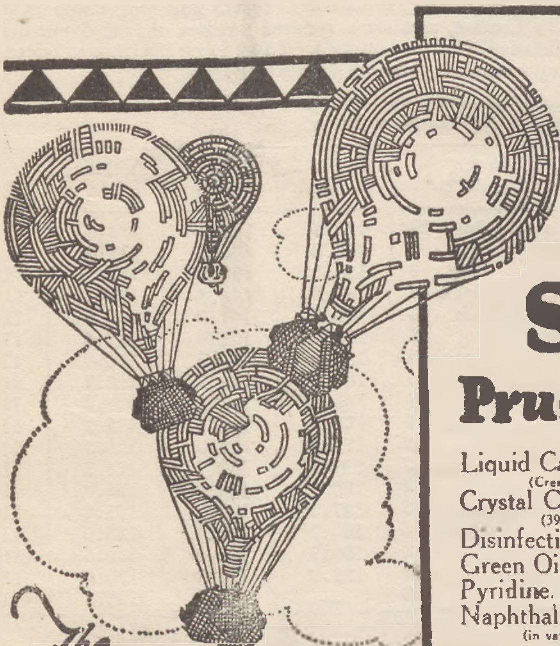
The following table and chart show the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

In New York.			In London.	
Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7
1921, Jan. 1	89.9	89.0	116.3	88.6
Aug. 20	*80.3*	90.4	105.4	93.3
Oct. 29	91.1	92.0	*91.1*	94.4
1922, Jan. 1	100.0	100.0	100.0	100.0
May 13	114.6	102.4	114.9	**117.9**
Sept. 16	123.8	**107.6**	115.2	112.5
Oct. 7	123.9	106.1	113.3	*111.7*
Oct. 14	**127.6**	104.4	114.5	112.3
Nov. 25	*114.4*	102.0	115.0	115.4
1923, Jan. 1	121.7	102.5	119.5	113.3
Mar. 17	**129.2**	98.5	129.3	117.0
,, 24	127.3	*97.8*	129.0	118.1
Apr. 28	124.1	99.3	**137.9**	122.8
June 9	119 7	100.8	130.6	**123.5**
Oct. 27	*105.7*	99.7	126.5	119.7
1924, Jan. 1	117.4	98.4	121.3	114.5
,, 19	119.1	100.1	119.1	*112.2*

In New York.			In London.	
Week ending.	Industrials.	Bonds.*	Industrials.	Gilt edged.
1924, June 21	115.3	103.3	*118.2*	118.0
Aug. 2	126.9	**104.2**	119.8	115.6
Nov. 8	130.1	103.7	133.7	**120.4**
Dec. 20	143.5	*101.3*	130.7	118.1
1925, Jan. 3	150.7	101.6	133.8	117.5
,, 17	151.8	101.9	**137.8**	117.5
June 6	158.2	**105.3**	128.0	115.3
,, 27	160.0	104.7	123.7	*113.0*
July 18	165.9	103.2	*120.4*	115.5
Aug. 1	165. 8	*101. 5*	122. 2	115.7
,, 22	176.2	102.5	126.3	**117.3**
Nov. 7	**197.9**	102.7	134.1	114.7
,, 14	192.8	102.9	135.0	114.6
,, 28	187.2	102.9	133.2	114.0
Dce. 5	190.7	102.8	133.0	114.0
,, 12	190.7	102.8	131.5	113.5
,, 19	188.9	103.3	130.6	112.8
,, 26	...	103.7	132.1	113.0

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.





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