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Vol. XIII. No. 2.

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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.)

CZECHOSLOVAKIA POLITICAL AND GENERAL

The New Government.—The task of forming a new Government presented numerous difficulties. Dr. A. Svehla, the Prime Minister in the late Government, was first entrusted with the work of constructing the new Ministry, but at the close of November he had to announce his failure to do so. The chief cause of this failure was the opposition of the Popular (Clerical) party to the proposed appointment of a Socialist as Minister of Education. Dr. Svehla was followed by M. Srámek, the Minister of Public Health in the late Government. M. Srámek was likewise unable to form a Ministry, since the Socialists would only co-operate on condition that the principle of the separation of the Church from the State should be accepted. The President of the Republic thereupon renewed his request to Dr. Svehla, who eventually succeeded in constructing a coalition Government with the inclusion of two non-parliamentarians. The new Ministry is as follows:—

Prime Minister	Dr. Svehla (Czech Agrarian).
Minister of Foreign Affairs	M. Benesh (Czech Socialist).
Minister of Finance	Professor English (Non-parliamentarian).
Minister of the Interior	M. Rosek (Czech Popular party).
Minister of Education	Professor Srdinko (Czech Agrarian).
Minister of Justice	M. Vishkovsky (Czech Agrarian).
Minister of Commerce	M. Dvorachek (National Democrat).
Minister of Railways	M. Bechyne (Czech Social Democrat).
Minister of Public Works	M. Mlchoch (Czech Trades party).
Minister of Social Welfare and Chief of the Department for the Unification of the Ministry	Dr. Winter (Czech Social Democrat).
Minister of National Defence	M. Stribny (Czech Socialist).
Minister of Public Health	M. Tuchy (Czech Socialist).
Minister of Posts and Telegraphs	M. Srámek (Czech Popular party).
Minister of Food Supplies	M. Dolansky (Czech Popular party).
Minister for Slovakia	Dr. Josef Kallay (Non-parliamentarian).

Professor English is one of the most prominent financial experts in Czechoslovakia. It was he who virtually led the opposition to the policy of forced deflation, maintaining that the policy of systematic endeavours towards stabilisation of the currency was the only sound one to adopt. Later events have proved that he was right. His appointment to the Ministry of Finance should receive the general approbation of the country. M. Dvorachek, the Minister of Commerce, is also new to office and like Dr. English, an expert of repute. The other new men are M. Rosek, M. Mlchoch, Professor Srdinko and M. Vishkovsky.

Commenting on the new Ministry, the *Prager Tagblatt* says that the appointments appeared to have been made by haphazardly dropping the cards of the different Ministers over a chess-board, the squares of which represented the various offices. For the most part the Ministry contains the old names, but re-shuffled.

Dr. Adalbert Worliczek, of Prague, subjects the new Government to a long criticism in the *Oesterreichische Volkswirt*. He considers that next to M. Benesh, Professor English is the outstanding personality of the new Cabinet. This appointment is welcomed for it is time that a Minister equal to his task should receive the portfolio of Finance. The Prime Minister's task will be difficult, since the Cabinet probably agrees on one point only and that is the allocation of the various offices.

The Economic Situation.—The former and the present Minister of Commerce have both recently made important statements as to the economic situation of Czechoslovakia. Speaking at a special meeting of the industrial and commercial organisations of Slovakia and Carpathian Ruthenia, M. Novak, the former Minister of Commerce, referred to the great advantage already secured by balancing the Budget and by the favourable foreign trade balance, both of which were steadily contributing to the consolidation of the economic situation. During the first three quarters of 1925 the value of exports had exceeded that of imports of more than Kr.510 mill., and was also Kr.1,700 mill. higher than the value of exports in the corresponding period of the preceding year. The unemployment figure had dropped from about 70,000 in 1924 to 40,000 in 1925. Parliament had, however, failed to settle two important problems, namely, taxation reform and the salaries of State employees. But indirect taxes had been considerably reduced; the reduction of the coal tax alone accounted for about Kr.600 per annum, whilst that of the transport tax represent over Kr.100 mill., and that of Customs a further Kr.300 mill. Altogether, it was estimated that the reductions in taxation represented a sum of some Kr.1,000 mill. Certain classes of taxpayers were also now granted alleviations. The new Taxation Reform Bill had been drafted, one of its main provisions being that the super-charges should not in the aggregate exceed 550 per cent. In regard to communications it was necessary that further railway developments should be undertaken in Slovakia and that the tariffs in that part of the country should be brought more into line with those elsewhere. M. Novak then made reference to the various commercial treaties that had been concluded and others for which negotiations were proceeding. In respect to commercial policy, a system of foreign trade control had been maintained, but this was rapidly being relaxed. Shipping on the Danube was of prime importance to the country and the Government gave great attention to developing this activity. The Government was doing much to foster cottage industries and also to enable small business people to obtain access to credit by increasing the number of co-operative loan societies. He foretold that the tariffs would be further reduced, the Land Office reformed and building generally encouraged throughout the country.

In a speech at a later date M. Dvorachek, the present Minister of Commerce, touched upon many of the points discussed by his predecessor. But he also mentioned

that of the 17,000 factories in former Austria slightly over 50 per cent. now belonged to Czechoslovakia. Social peace depended upon maintaining production and this was the great problem for the country. He warned against undue optimism in respect to the rapid development of foreign trade. The special commission appointed by the British Government to enquire into the prospects of the British export trade abroad had reported, amongst other matters, that the purchasing power of many countries was sinking and that the creation of fresh industries abroad made it more difficult for British trade. These findings might be equally applied to the foreign trade of Czechoslovakia. In certain respects, however, Czechoslovakia was more favourably situated than were many other countries and this was encouraging for the future of exports.

Referring to the economic activities of the people, M. Dvorachek stated that about two-fifths of the population were engaged in agriculture and forestry and about one-third in industry and commerce. In Bohemia nearly 41 per cent. of the population was engaged in industrial activities, as against only 10.6 per cent. in the Carpathian districts. In respect to the number of inhabitants engaged in industry, commerce and general business Czechoslovakia now held the sixth place, after Great Britain, Belgium, the Netherlands, Switzerland and Germany. He maintained that Czechoslovakia was able to compete in the international market largely on account of the high quality of her goods. Sugar now formed 15.5 per cent. of the total exports; cotton goods 15 per cent.; timber and coal 14.2 per cent.; woollen goods 11 per cent.; linen and jute goods 3.7 per cent.; glassware about 8 per cent.; ironmongery about 3.8 per cent.; and porcelain about 2 per cent. Of the total exports 36.9 per cent. were to the Danube States; 22.8 per cent. to the Central and Northern European countries, including Germany and Poland; 20.6 to the Western European States; and 19.7 per cent. to the remaining countries. The commercial policy of Czechoslovakia was to secure a position in all foreign markets; but the neighbouring countries and the Succession States were of chief importance for the export trade. There was a necessity for systematically continuing the treaty policy, based on the principle of the most favoured nation. The Government intended following this principle in the negotiations with Hungary, Switzerland, Yugo-Slavia and Germany. There was no doubt that the introduction of an autonomous tariff was one of the most important duties of the Government in regard to foreign commercial relations. (*Ibid.*)

FINANCE

National Bank Subscriptions.—According to a report issued by the Bank Office the subscriptions for the 80,000 shares of the new Czechoslovak National Bank reached the number of 211,912. The issue was thus subscribed more than 2½ times over, exclusive of the 6,000 shares subscribed for out of the State Gold Fund. The subscribers of one to nine shares will receive as far as possible the full amount applied for. The fact that the issue of the National Bank was very largely over-subscribed is, states the *Central European Observer*, a further proof of the country's satisfactory financial standing. The arrangement that has been concluded in London for the consolidation of the Czechoslovak War Debt to Great Britain and its repayment within ten years, following immediately upon the consolidation of the War Debt to the United States, has attracted most favourable notice in financial circles abroad, especially in Great Britain and the United States. The interest in these countries is also being directed towards the National Bank; emphasis is laid on the fact that the Bank will be an institution resting on a purely business footing and independent of political influences. That a very large proportion of the subscriptions to the Bank came from small investors and the savings banks reflects the confidence felt in the new institution and in the financial and currency policy of the country.

Bank Rate Reduction.—On December 1 last the official Czechoslovakia discount rate was reduced from 7 per cent. to 6½ per cent., and the deposit rate from 8 per cent. to 7½ per cent. The 7 per cent. discount rate had been in force for eight months, that is, since March 25, 1925. Up to this date and as from May 28, 1924, it had stood at 6 per cent. For eighteen days preceding this latter date the discount rate was at 6½ per cent. Since the creation of the Republic the 7 per cent. rate had been in force only once before, namely from December 20, 1922, to January 14, 1923, when it was introduced as a precautionary measure against a fall in the currency. Before and after this a 5½ per cent. rate was in force. The lowest rate was from May 28 to November 28, 1923, when it stood at 4½ per cent. The *Prager Tagblatt* states that the present reduction has been discussed and expected for several months. Whatever the causes of the postponement the recent development in the money conditions and the influx of foreign currency after the conclusion of the United States loan made a reduction now possible. It should be noted that the neighbouring countries have also reduced their rates of late and this fact probably influenced the official decision in Czechoslovakia. That the reduction is only ½ per cent. may be due to the fact that a further half per cent. is being reserved on account of the commencement of the National Bank's activities on January 1, or because it is deemed advisable to await the course of events over the close of the year.

Insolvencies, January to October.—The figures of bankruptcies and arrangements for the benefit of creditors in Czechoslovakia during the first ten months of 1925 are as follows:—

	Bankruptcies.			
	Number.	Assets.	Liabilities.	Excess of liabilities.
	(In millions of kronen.)			
January ...	42	3.4	8.2	4.8
February ...	43	7.9	34.1	26.2
March ...	56	8.4	17.3	8.9
April ...	46	2.3	6.8	4.5
May ...	31	1.5	3.5	2.0
June ...	39	5.9	13.3	7.4
July ...	28	5.5	16.2	10.7
August ...	27	1.2	3.0	1.8
September ...	27	3.1	4.1	1.0
October ...	41	2.2	6.5	4.3
Total ...	380	41.4	113.0	71.5
Total 1924	440	77.7	172.3	94.6

There has been a decrease of 60 in the cases of bankruptcies, as compared with the corresponding period of 1924 and a decrease of C.Kr.23 mill. in the aggregate excess of liabilities over assets.

Arrangements for the Benefit of Creditors.

	Arrangements for the Benefit of Creditors.			
	Number.	Assets.	Liabilities.	Excess of liabilities.
	(In millions of kronen.)			
January ...	230	51.0	94.9	43.9
February ...	183	35.9	68.9	33.0
March ...	192	46.0	98.8	52.8
April ...	170	40.6	63.6	23.0
May ...	182	18.7	35.9	17.2
June ...	149	37.2	83.6	46.4
July ...	140	46.9	81.5	34.6
August ...	123	25.5	49.7	24.2
September ...	118	24.4	58.7	34.3
October ...	159	33.6	63.6	30.0
Total ...	1,646	350.8	699.2	339.4
Total 1924	1,611	433.8	887.0	453.0

Although the number of arrangements for the benefit of creditors was higher during the first ten months of 1925 than it was in the corresponding period of the preceding year, the aggregate excess of liabilities over assets was lower by C.Kr.113.6 mill. The above statistics refer to failures where the excess of the liabilities amounted to over a million kronen. To the totals must be added the number of "big failures," which are classified separately. The following table summarises the situation in 1925 as compared with 1924 (the liabilities in millions of kronen):—

Summary of Insolvencies.

	January-October 1925.		1924.	
	Number.	Liabilities.	Number.	Liabilities
Big failures	43	242	58	312
Arrangements for the benefit of creditors ...	1,646	699	1,611	837
Bankruptcies	380	113	440	172
Total	2,069	1,054	2,109	1,371

In 1925 there was an appreciable decrease in the number of big failures, whilst the aggregate number of insolvencies of all kinds was 40 lower and the aggregate liabilities were C.Kr.317 mill. lower than in the first ten months of 1924. (*Prager Tagblatt.*)

Heavy Tributary Burden on Commerce and Industry.—During the past year serious complaints have been raised throughout the country concerning the exceedingly heavy burden of taxation imposed on commerce and industry. The various Chambers of Commerce, the industrial and commercial federations and the business corporations of all kinds have given this question the closest attention and there is now a general demand for a reform of taxation. Amongst other alleviations it is claimed that a maximum rate should be introduced. A bill for the reform of taxation was submitted to the last parliament, but before any progress was made the Parliament was dissolved. As instances of the heavy pressure on commercial and industrial concerns the following figures showing the proportion of taxation to the net profits of some of the banks and industrial undertakings in Czechoslovakia are illuminating, the profit figures being in accordance with the balance sheets for the year 1924 (in millions of Czechoslovak kronen):—

<i>Banks.</i>	Taxation.	Net profits.
Bohemian Discount Bank	31.6	33.8
Zivnostenská	29.5	43.1
Bohemian Union	26.4	33.2
Bohemian Industrial	20.2	17.6
Provincial Bank	12.3	20.2
Legio Bank	10.0	5.7
Anglo Bank	7.0	18.8
General Bohemian Bank Union	3.9	5.5
Central Czechoslovak Savings Bank	2.4	3.1
Czechoslovak Agrarian Bank	1.7	5.3
German Agrarian Bank	1.6	2.2

The taxation imposed on these eleven banks amounted in all to C.Kr.146.6 mill., whilst the aggregate net profits totalled C.Kr.188.5 mill. The proportion of taxation to the profits of the leading industrial concerns is shown hereby (in millions of kronen):—

<i>Companies.</i>	Taxation.	Net profits.
Skoda	15.7	32.2
Schoeller	15.1	10.5
Coal Mining and Smelting Works	14.2	24.2
Danek	9.2	7.7
Bohemian Trading Company	7.5	6.0
Königshofer	6.2	6.8
Mautner Textile Works	5.7	11.4
Ringhoffer	5.1	5.6
Cosmanos	4.9	4.0
Nestomitz	4.4	4.1
Schönpriesen	4.5	4.8
Copper Works	4.1	6.5
West Bohemian Coal Company	4.1	6.3
Aussig Refinery	3.7	3.1
Brosche Spirit Works	2.0	2.0
Schreiber Glassworks	1.5	1.1
Bergman Leather Works	1.5	0.8
Poldi Smelting Company	1.3	2.5

The aggregate burden of taxation imposed upon the above concerns amounts to C.Kr.111 mill., as against the net profits of C.Kr.140 mill. (*Prager Tagblatt.*)

TRADE

Foreign Trade Returns January to October.—The National Statistical Bureau has issued the figures of foreign trade for the month of October last, and for the first ten months of 1925. Imports in October totalled 793,521 tons and 141,425 pieces to the value of C.Kr.1,796,101,052, as against 542,508 tons and 95,283 pieces to the value of C.Kr.1,354,699,890 in October

1924. The total imports for the first ten months of 1925 amounted to 5,108,390 tons and 948,464 pieces to the value of C.Kr.13,785,999,029, as compared with 4,457,064 tons and 866,010 pieces to the value of C.Kr.12,524,870,777 for the period January to October in 1924. October imports were C.Kr.127 mill. higher than in September and C.Kr.442 mill. higher than in the previous October. The figure of last October constitutes a record.

Exports in October showed a falling off of C.Kr.69 mill., as against the September figures, but were C.Kr.155 mill. higher than in October 1924. They totalled in value C.Kr.1,616,810,002, thus resulting in an adverse balance of C.Kr.180 mill. for the month, whereas there was a favourable balance of C.Kr.16 mill. in September, and of C.Kr.107 mill. in October 1924. For the period from January to October 1925, however, there results a favourable balance of C.Kr.1,253 million, contrasted with C.Kr.620 million for the corresponding period of 1924.

The most notable increases in imports in October, as compared with those of September, were recorded for cereals, cattle, cotton, hemp and flax, minerals, chemicals, tobacco, mineral oils, iron and animal products. There was a marked drop in the importation of silk, rubber, leather, electrical machinery, instruments and watches and clocks, timber and coal, and foodstuffs. Wool and woollen goods, colonial goods, colours and dyes, machinery and apparatus remained fairly stationary.

The leading countries exporting goods to Czechoslovakia were Germany with 19.5 per cent. of the total value of imports (35.9 per cent. in October 1924); Poland with 10.5 per cent. (5.7 per cent.); Hungary with 8.2 per cent. (6.8 per cent.); the United States with 7.4 per cent. (5.0 per cent.); Austria with 6.7 per cent. (8.3 per cent.); France with 4.0 per cent. (3.0 per cent.); and Great Britain with 4.0 per cent. (3.9 per cent.).

Sugar exports in October last were valued at C.Kr.129 mill. as against C.Kr.67.2 mill. in September and C.Kr.126 mill. in October 1924. The total value of sugar exports for the season ended September 30 last amounted to C.Kr.2,628.6 mill., as compared with C.Kr.2,269.5 mill. for the preceding season. The most important customer for Czechoslovak sugar in the 1924-1925 season was Italy, who ordered to the value of C.Kr.501.8 mill., with Great Britain second with orders to the value of C.Kr.433.7 mill. In the preceding season Great Britain occupied the premier position with supplies to the value of C.Kr.605.5 mill. The value of iron exports during the first ten months of 1925 was C.Kr.990 mill., or an increase of about C.Kr.90 mill. on the preceding year. The chief markets for this iron were Rumania, Austria, Germany, Italy, Yugo-Slavia, Great Britain and Hungary. (*Prager Presse and Prager Tagblatt.*)

The Czechoslovak Market

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The Sliding Scale for Cereals.—Import duties on grain and flour were fixed on a sliding scale, according to the prices of the commodities, by a Government regulation of June last. At that time all the prices were so high that the duties did not come into operation. The duty on wheat, for example, was to be levied when the average monthly price fell to C.Kr.180 per 100 kilogrammes. The price has successively declined; in September to C.Kr.216; in October to C.Kr.184; in November to C.Kr.180.5; and for December C.Kr.173.7. The duty thus operated in December and amounted to C.Kr.12.6 per 100 kilogrammes. Prices of other grain and flour similarly declined; under the sliding scale the amount of duty in December worked out as follows (in kronen):—

December 1925.	Price per 100 kilogrammes.	Amount of duty per 100 kilogrammes.
Wheat	173.74	12.6
Rye	126.88	11.6
Barley (brewers')	167.39	5.6
Barley (fodder)	120.34	5.6
Oats	134.03	9.6
Wheaten flour	According to price	22.0
Rye flour	of grain.	16.0
Oatmeal		16.0
Millet	129.35	16.0

It should be remarked that the sliding scale came into operation already in September as regards barley for fodder, in October as regards rye and rye flour, and in November as regards oats and oatmeal.

The new Parliament, it is thought, will consider the question of abolishing the sliding scale charges and substituting for them duties of a fixed nature. (*Central European Observer.*)

INDUSTRY

Approximate Coal Output in 1925.—The official statistics of the coal output, and exports and imports during the first ten months of 1925 have just been issued. If the estimated figures for November and December be added to the actual returns for the ten-month period the total approximate output for the year was as follows (in millions of tons): hard coal, 11.3; coke, 1.4; brown coal, 18.3; as against hard coal, 14.3; coke, 1.8; and brown coal, 20.5, in 1924. The volumes exported were (in millions of tons): hard coal, 1.4; coke, 0.4; brown coal, 2.6; as against hard coal 1.7; coke, 0.4; brown coal, 2.8 in 1924. Imports amounted to: hard coal, 1.4; and coke, 0.2; compared with hard coal, 1.4; and coke, 0.2 in 1924. (*Prager Tagblatt.*)

Sugar and Beer Production.—In October, the first month of the new sugar season, all the Czechoslovak factories were in operation with one exception. The total output of raw sugar was 538,674 tons, an increase of some 22,000 tons on the figure for the same month in 1924. The output in the various provinces was as follows (in tons of raw sugar):—

October in Season 1925-26.	1924-25.	Difference.
Bohemia	283,159	+ 647
Moravia	152,634	- 1,837
Silesia	4,627	+ 2,773
Slovakia	98,254	+ 20,374
Total	538,674	+ 21,957

Home consumption took up 34,395 tons (as against 40,032 tons in 1924) and exports totalled 121,588 tons, compared with 131,055 tons in October 1924.

The Czechoslovak brewing industry is just now turning out increased quantities of beer, the output having doubled as compared with the corresponding time a year ago. Not only has the inland consumption increased, but considerable orders have come in from abroad, notably from Germany and Austria. Sales have also been effected to Great Britain, Italy and Switzerland. (*Central European Observer.*)

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DENMARK

POLITICAL AND GENERAL

Economic and Trade Conditions in November.—The National Bank of Copenhagen and the Danish State Statistical Department supply the following information on economic and industrial conditions in Denmark in November.

There has been but little change in the value of the Danish krone during the greater part of the month; as in October, the gold value slightly improved. The average of the quotations for sterling was Kr.19.48 and for dollars Kr.4.03 as compared with Kr.19.70 and Kr.4.08 respectively in October, corresponding to a krone value of 92.5 öre in November as compared with 91.5 öre in October.

Loans granted by the banks have increased during the last months, and the reason for this is probably to be sought partly in the circumstance that the downward tendency of foreign currency has been checked, partly in the fact that many postponed orders have now had to be placed if the goods were to be available for the Christmas market. At the same time the deposits have remained virtually unchanged, except in the case of "the Private Bank," where other considerations made themselves felt. After a revision of the engagements of this bank by the State Bank Inspector, the Board of Directors on December 7 issued a statement to the effect that, before publishing its balance-sheet at the end of the year, the bank would write off the sum of Kr.14 million. This loss can be made good from the bank's income in 1925 and from the balance available from the preceding year. Further, a sum of Kr.11 million is to be taken from reserves and made available as an emergency fund. The share capital of the bank is Kr.60 million, and the reserve fund, after deduction of the Kr.11 million aforesaid, now amounts to Kr.16 million. The State Bank Inspector states that the Private Bank may be considered perfectly sound and in a position to meet all its engagements.

The amount of notes in circulation, which at the end of October was rather large, has now decreased from Kr.454 million to Kr.434 million.

The turnover of shares and bonds on the Copenhagen Bourse was somewhat greater in November than in October, the weekly average being Kr.2.8 million for shares and Kr.4.1 million for bonds, as against Kr.1.8 and Kr.3.4 million respectively in October. The index number for Stock Exchange quotations has varied little since the end of October, and what small adjustments took place on the whole compensated each other. The share index number for November is 98.8 (99.1 in October) and the bond index number 87.1 (87.5 in October), taking 100 as the index number for July 1, 1914.

The wholesale price index number of the Statistical Department fell three points in November, from 179 to 176. This decrease is considerably smaller than in the preceding month, mainly owing to the fact that home prices of most commodities adjusted themselves in accordance with the higher exterior value of the krone, and also because of the increase of prices in the world market for certain raw materials such, for example, as grain.

The trade balance for October shows a less favourable relation between imports and exports than in the preceding month. Imports amounted to Kr.156 million, exports to Kr.145 million, thus showing an import surplus of Kr.11 million as against an export surplus of Kr.9 million in October 1924. The import surplus for the first ten months of 1925, however, was not more than half what it amounted to in the corresponding period of 1924, viz. Kr.79 million as against Kr.142 million.

The agricultural exports in November as far as butter and meat are concerned was somewhat greater than in October, while they were rather smaller in the case of

eggs and bacon. The average weekly export^{1/2} of butter was 21,981 hkg. (20,820 hkg. in October), of eggs 494,400 score (632,700 score in October), of bacon and pigs 31,891 hkg. (35,625 hkg. in October), and of meat and cattle 6,699 hkg. (6,212 hkg. in October). The prices obtained in November have on the whole been lower than in October, except for eggs, which always show higher prices in the autumn. The average of the official weekly quotations for butter was Kr.395 (Kr.417 in October) per 100 kg., for bacon 190 öre (196 öre in October) per kilogramme, for eggs 342 öre (254 öre in October) per kilogramme, and for meat 63 öre (67 öre in October) per kilogramme live weight.

The State revenue from Excise and Customs in November was Kr.17.6 million, Kr.5.8 million of which was derived from Customs duties. In November 1924 the corresponding figures were Kr.15.8 and Kr.6.5 million respectively.

FRANCE

POLITICAL AND GENERAL

The Political Situation.—The Briand Government is now in recess with a month's vote on account and the prestige accruing to it from the successful resistance it offered to the attempted dictatorship of the Socialist wing of the Cartel des Gauches. This will give it a breathing-space in which to consolidate its position, and rally to its support the more conservative elements of the Republican party. Since the overthrow of the Poincaré Government some eighteen months ago as the result of an unexampled campaign of misrepresentation the Cartel has plunged the country in a series of Ministerial crises which have degraded Parliamentary government in the eyes of the country and shaken public confidence to its foundations. M. Doumer's accession to office as Minister of Finance in spite of the Socialist opposition has been justified by the strong common-sense he has displayed and the sober financial proposals he has elaborated in devising a policy whereby the economic crisis gradually accentuated under the Cartel may be overcome. Whether his financial programme will survive the impassioned debates to which it will be subjected in the Chamber, where partisan feeling is more extreme than in the Senate, has yet to be proved; but failure could only tend to stimulate the fortunately very circumscribed movement at present in existence for a dictatorship or a committee of public safety. The country is sick to death of the mean intrigues of political factions. It calls for a strong Government capable of asserting its independence of Socialism, and solicitous to evolve a solution of the financial crisis that will not bear oppressively on the classes on which the economic security of the country depends. The Government can only survive subject to its having the enjoyment of the confidence of the majority of the French public, and especially of that not inconsiderable part of it which controls wealth.

FINANCE

Revenue Returns January to November.—The revenue returns for the first eleven months of 1925 in respect of the General Budget, omitting therefore the receipts from Posts, Telegraphs and Telephones which are included in a separate account, reached a total of Fr.25,735,919,800, of which amount Fr.24,737,015,100 was derived from ordinary permanent sources of revenue and Fr.998,904,700 from special and miscellaneous sources and *recettes d'ordre*. The following table shows the returns in respect of ordinary permanent revenue month by month to date for the financial years 1925 and 1924:—

	1925.	1924.
January ...	Fr.2,676,311,200	Fr.2,080,571,400
February ...	1,869,567,400	1,820,089,600
March ...	1,979,869,900	1,960,639,100
April ...	2,841,978,000	2,194,400,100
May ...	1,893,137,260	1,700,659,000
June ...	1,811,120,300	2,001,173,900
July ...	2,420,797,300	2,420,978,300
August ...	1,732,782,800	1,690,073,100

	1925.	1924.
September ...	1,768,622,900	1,920,434,600
October ...	2,885,306,200	2,947,097,200
November ...	2,857,511,900	2,376,544,400
December ...	—	2,729,483,400

The total for the first eleven months of 1925, viz. Fr.24,737,015,100, was Fr.1,624,354,400 in excess of the returns for the corresponding period of the previous year, this surplus including an increase of Fr.1,654,802,500 in respect of indirect taxes and monopolies and one of Fr.22,592,000 in respect of the Public Domain, as against which has to be set off a decrease of Fr.53,040,100 in respect of direct taxation.

For the same period indirect taxation and monopolies yielded Fr.19,711,434,000, or Fr.1,654,802,500 more than in the corresponding period of 1924, and only Fr.64,296,000 in excess of the Budget estimate.

The yield from the turnover tax amounted to Fr.4,134,656,000, or Fr.394,271,000 more than in 1924 and Fr.140,301,000 in excess of the Budget estimate.

The yield from direct taxation was Fr.4,721,882,100, including Fr.4,423,703,900 from income tax; this represents a decrease of Fr.53,040,100, as compared with the direct taxation returns for the first eleven months of 1924. (*Le Temps*.)

TRADE

Foreign Trade Returns for November.—The foreign trade returns for November include imports aggregating 3,958,376 tons of a value of Fr.4,574,119,000 and exports aggregating 2,536,522 tons of a value of Fr.4,193,243,000. This shows a decrease in volume as compared with October of 685,031 tons, but an increase in value of Fr.97,874,000, as regards imports, and an increase in volume of 83,916 tons with a decrease in value of Fr.181,508,000 as regards exports. As compared with November 1924 there is an increase of Fr.1,145,464,000 in respect of imports and one of Fr.742,652,000 in respect of exports. In November 1924 there was a favourable visible trade balance of Fr.21,936,000 as compared with an adverse one of Fr.380,876,000 in the corresponding month of 1925.

The following table shows the volume of the import and export trade for the first eleven months of the year (in tons):—

	Imports.		
	1925.	1924.	Difference.
Foodstuffs ...	4,668,575	5,218,092	— 549,517
Raw material and semi-manufactured goods	37,634,383	45,189,668	— 7,555,285
Manufactured goods ...	1,115,932	1,307,830	— 191,898
Total ...	43,418,890	51,715,590	— 8,296,700
	Exports.		
	1925.	1924.	Difference.
Foodstuffs ...	1,241,209	1,471,281	— 230,072
Raw material and semi-manufactured goods	22,534,016	21,988,095	+ 545,921
Manufactured goods ...	3,767,194	3,246,889	+ 520,305
Exports by Parcels Post	35,954	32,267	+ 3,687
Total ...	27,578,373	26,738,532	+ 839,841

From the above figures it will appear that whereas imports show a decrease in respect of every category of goods as compared with the corresponding period of 1924, exports on the whole show a small increase, foodstuffs alone being on the decline. On the import side raw material and semi-manufactured goods are down to the extent of nearly 17 per cent., due mainly to the decline in the importation of coal, from 28,926,451 tons in 1924 to 22,612,084 tons this year. On the export side raw material and semi-manufactured goods show an increase of 2½ per cent., manufactured goods one of 16 per cent., and exports by parcels post one of 11 per cent.

The following table shows the corresponding value of the above trade (in thousands of francs):—

	Imports.		
	1925.	1924.	Difference.
Foodstuffs ...	8,167,392	8,126,487	+ 40,905
Raw material and semi-manufactured goods	25,524,144	23,341,264	+ 2,182,880
Manufactured goods ...	4,843,245	4,522,948	+ 320,297
Total ...	38,534,781	35,990,699	+ 2,544,082

	Exports.		
	1925.	1924.	Difference.
Foodstuffs	3,202,544	3,583,263	— 380,719
Raw material and semi-manufactured goods ...	11,202,938	9,376,968	+ 1,825,970
Manufactured goods ...	24,441,033	22,639,091	+ 1,801,942
Exports by Parcels Post	1,938,427	1,765,266	+ 173,161
Total	40,784,942	37,364,588	+ 3,420,354

As will be seen from the above figures, there is a favourable visible trade balance for the first eleven months of 1925 of Fr.2,250,161,000 as compared with one of Fr.1,373,889,000 for the corresponding period of 1924. On both the import and export side there is an increase in the total value of the trade, to the extent of about 7 per cent. in the case of imports and to the extent of over 9 per cent. in that of exports. On the import side raw material and semi-manufactured goods show an increase of 9½ per cent. and manufactured goods one of 5 per cent., while on the export side raw material and semi-manufactured goods show an increase of close on 20 per cent., manufactured goods one of 8 per cent. and exports by parcels post one of about 10 per cent., foodstuffs, on the other hand, showing a falling off of a little over 10 per cent. (*Le Temps.*)

PORTUGAL

POLITICAL AND GENERAL

The New President and the New Government.—

The recent general election was characterised by the intense struggle of all parties to improve their position, the fight between the two extreme sections being particularly severe. The elections passed off, however, without any excesses and resulted in a general victory for the moderate Democrats. The Left Democrats, who had broken away from the parent body and are now under the leadership of the former Premier, Senhor Domingues dos Santos, fared rather badly and secured but a few seats. The strongest fraction in the Opposition is the Nationalist party, under Senhor Cunha Leal, who has also been Prime Minister. There are also a few Independents and Royalists, whilst the Socialists have secured two seats.

The late Government of Senhor Domingues Pereira had taken office at the beginning of last autumn under the condition that the Ministry should prepare for a general election. The situation became more complicated lately by the expressed desire of the President of the Republic, Senhor Teixeira Gomes, to resign on account of ill-health. The election of a new President resulted in an overwhelming majority for Senhor Dr. Bernardino Machado. The voting on the second scrutiny was as follows: Bernardino Machado, 145 votes; Duarte Leite, 5 votes; S. Brancas, 6 votes; Bettencourt Rodriguez, 1 vote.

The task of forming a new Ministry was entrusted to Senhor Antonio Maria da Silva, the leader of the moderate Democrats. The new Cabinet is composed as follows:—

Prime Minister and Minister of the Interior	Antonio Maria da Silva.
Minister of Justice	Catanho de Menezes.
Minister of Finance	The Marquis Guedes.
Minister of War	José Mascarenhas.
Minister of the Marine	Pereira da Silva.
Minister of Foreign Affairs	Vasco Borges.
Minister of the Colonies	Vieira da Rocha.
Minister of Public Instruction	Santos Silva.
Minister of Agriculture	Torrea Garcia.
Minister of Commerce and Industry	Gaspar de Lemos.

Most of the new Ministers have already held office in previous Administrations. The new Ministry met Parliament at the beginning of January.

The Ministry of Labour, which was created in 1916, has now been abolished and its activities distributed among various of the other ministerial departments.

FINANCE

The Angola and Metropole Bank Scandal.—The swindle of the Angola and Metropole Bank has caused grave apprehensions in financial and political circles. From Press reports it appears that at least two and possibly more administrators or highly placed officials made arrangements for a large number of false notes to be printed in London and that these were afterwards set in circulation. The exact amount involved in the swindle has not yet been ascertained, but it is believed that the total of false notes represents many thousands of contos, or somewhere approaching a million pounds sterling. A large sum of money in false notes was found on the Bank's premises, whilst securities covering huge amounts are believed to have been purchased by the Bank of Angola with the forged paper. The number of false notes in circulation must have been exceedingly great, for within a few days the Bank of Portugal is said to have exchanged such notes for about £500,000, the demand on the National Bank being in the nature of a "run." It is stated also that there is some doubt as to the source of some of the capital that the Bank of Angola and Metropole had at its disposal. A number of British experts have been called in to enquire into the scandal and conferences are still proceeding. The Government has issued a notice in the *Diario do Governo* that a commission of three members will be formed by the Ministry of Finance in order to liquidate the affairs of the Angola and Metropole Bank, two of the members to be nominated by the Bank Council.

TRADE

Modifications in the Customs Tariff.—The *Diario do Governo* has announced certain modifications in the export and import duties on a number of articles and the introduction of fresh duties on other articles. The main articles of exportation on which the duties have been reduced are butter, cheese, olive oil, preserved meat, bacon and some other foodstuffs. The *ad valorem* export duty on wool, tanned hides, timber for building purposes and for other articles not specifically mentioned has been brought down from 3 per cent. to 1 per cent. New export duties have been imposed on cork slabs, horn, bone, kaolin, precipitated copper, resin, iron and steel filings and certain other articles. Super-phosphates and pyrites are placed under a special tariff.

A reduction has been made in the import duty on biscuits of all kinds, whilst modifications are also made in the duty on malt and germinated barley, coffee, beans or in pods, and chocolate in all packings. New duties have been introduced for vegetable ivory, alcohol, sparkling wines, enamel for glazing, etc.

INDUSTRY

Wine Production in 1925.—The past year was not the most favourable for the production of wine, on account of an attack of blight and the violent changes in the weather at critical times. The production of the various districts and provinces was as follows (in hectolitres):—

	District production.	Total production of the province.
Villa Real	276,600	855,660
Braganza	112,500	
Guarda	84,000	
Vizeu	382,560	
Vianna do Castello ...	289,680	777,360
Braga	163,440	
Porto	182,400	
Aveiro	141,840	
Castello Branco	16,400	2,243,900
Coimbra	64,600	
Beiria	97,300	
Santarem	436,000	
Lisbon	1,629,600	250,160
Evora	106,920	
Portalegre	17,640	
Heja	47,200	
Faro	78,400	

Total production

4,127,080 hectolitres

Following the above and other more detailed figures supplied by *O Commercio do Porto* it is evident that the total wine production of 1925 was below the production of the preceding year. The stocks of matured wine, however, amounted to 2,243,900 hectolitres, as compared with 1,663,780 hectolitres in 1924.

SOCIAL AND LABOUR CONDITIONS

Cost of Living and Wages.—The cost of living in Portugal is still high, but there has been some improvement during the past year, as the following figures published by *O Commercio do Porto* will show. The figures relate to the most necessary foodstuffs, the comparison being made between the prices prevailing in August 1924 and August and October 1925.

Price of best quality bread.	Per kilogramme.	Reduction.
August 1924	2\$700	—
August 1925	2\$200	18.5%
October 1925	2\$200	—

Price of Second quality bread.	Per kilogramme.	Reduction.
August 1924	2\$000	—
August 1925	1\$500	25.0%
October	1\$500	—

The price of rice has shown a greater drop than those of bread over the same period.

Price of rice.	Per kilogramme.	Reduction.
August 1924	3\$000	—
August 1925	2\$000	33.0%
October 1925	1\$600	25.0%

Comparing the price prevailing in October 1925 with that of August 1924 there is a fall of 47 per cent.

Price of sugar.	Per kilogramme.	Reduction.
August 1924	5\$500	—
August 1925	2\$700	51.0%
October 1925	2\$500	—

The decrease in the price of sugar as from August 1924 to October 1925 is represented by 54.5 per cent.

Price of potatoes.	Per kilogramme.	Reduction.
August 1923	1\$500	—
August 1924	600	60.0%
August 1925	600	—
October 1925	500	16.6%

The fall in the price of potatoes since August 1924 is comparatively smaller than that of the prices of other necessary commodities. Compared with the price ruling in August 1923, however, there is an appreciable drop of 66.6 per cent. Meat prices showed a stronger tendency to fall during the past autumn than was shown by the prices of most of the other commodities.

Meat prices.	Per kilogramme.	Reduction.
Beef: August 1924 ...	11\$000	—
August 1925 ...	7\$000	36.4%
October 1925 ...	5\$000	28.6%
Veal: August 1924 ...	19\$000	—
August 1925 ...	14\$000	26.3%
October 1925 ...	10\$000	28.6%

These figures indicate that, as between August 1924 and October 1925, beef dropped in price by 54.5 per cent. and veal by 47.4 per cent.

The decline in salaries and wages during the same period has not been in a measure equal to the fall in the prices of the most necessary articles. In the following table the average remuneration is shown of four different classes of civil workers:—

Salaries and Wages.	Former.	Present.	Reduction.
Office employees ...	21\$000	19\$000	9.4%
Skilled workers ...	16\$500	15\$000	9.0%
General workers ...	10\$500	9\$500	9.4%
Juniors	6\$000	5\$500	8.3%

The present salaries and wages, with an eighth-our working day, are about forty times superior to those paid in 1914, under a ten-hour day. The average price of the most necessary articles of food is to-day about 15 times as much as in 1914. The movement in prices and wages has therefore been to the advantage of the workers.

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SWITZERLAND

FINANCE

The Government's Financial Policy Criticised.—The Government's policy of subventions is severely criticised by "Mercator" in the *Bulletin Commercial et Industriel Suisse*. The writer compares the Budget deficits and the amounts granted by way of subventions during the past six years, the figures given being as follows (in millions of francs):—

Deficits ...	1913.	1921.	1922.	1923.	1924.	1925.*
	5.4	127.6	79.4	45.5	43.5	17.9
Subventions	24.4	98.6	157.3	104.6	90.9	83.4

* Budget estimates.

A glance at these figures shows that the annual national accounts could have been closed with a surplus of revenue over expenditure if the Government had been a little reserved in regard to expenditure. The sums granted to all sorts of interests in 1922 were Fr.77.9 mill., in 1923 Fr.59.1 mill. in excess of the actual deficit as shown on the closing of the yearly accounts. The capacity of Swiss national economy has remained intact, although production has suffered on account of a lack of orders; the general Federal administration employs 3,000 more persons to-day than before the war, and Federal contributions seemed to have been distributed with a free hand. The whole nation is against the policy of subsidising specific interests and demands retrenchment in national expenditure. The Swiss franc remains at parity; prices have increased by about 70 per cent. as compared with those prevailing before the war; the monetary interest has increased by about 20 per cent.; but the Government is granting about three and a half times more in subsidies than it did before the war, and this in a time when the financial situation renders an application of the war tax receipts to the legally provided purpose (amortisation of the mobilisation costs) impossible. This point should not be overlooked, since the estimates for 1926 provide for amortisation to be partially effected out of the war tax returns. Without using the war tax contributions to cover ordinary and extraordinary expenditure the Federal accounts would close with a deficit for many years to come. The fact is often mentioned in the Press that the administrative accounts for 1924 closed with a balance of Fr.21.6 mill. Less is heard of the fact that the national accounts (ordinary and extraordinary revenue and expenditure) revealed a deficit of Fr.43.5 mill. Actually the deficit was Fr.68,153,855, since Fr. 24,675,733 were taken from the war taxes in 1924, which are destined for the settlement of the mobilisation debt. The official deficit is merely a book deficit.

Seeing that the mobilisation debt cannot be covered by the war taxes the Minister of Finance has brought

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forward another amortisation plan. The chief fault of this new measure is that it cannot tally with the calculations of the financial department unless new taxes are introduced or the existing taxes considerably augmented. The nation is set firmly against the introduction of fresh taxes; there remains only the means of increasing the yield of the present taxation. If the nation approves the new general Customs tariff increased revenue may be obtained from this source. But there is a growing opposition to any increase in this direction. This will probably mean that the new amortisation plan will not be able to be realised, which will result in the administrative and the Federal accounts continuing with deficits. There will then be but one way out of the difficulty and that will be to dip more deeply into the receipts of the war taxes. The whole amortisation plan will consequently remain nothing more than a paper scheme.

There is only one sound way to balance the Budget. Expenditure must be curtailed: first, by simplifying the Federal administration, and secondly, by reducing the amount of the subventions. Contributions and subsidies were 27.2 times higher in 1924 than in 1913. It is difficult to arrive at the exact figures for subventions because of the way in which the national statements are drawn up. The following figures may be taken as approximately correct (in thousands of francs):—

	1913.	1924.	Per cent. increase.
Improvements	5,334.5	6,125.0	14
Forestry	1,248.2	2,415.5	93
Fisheries, protection of birds, etc.	117.1	226.2	93
Agriculture	4,430.0	9,350.5	111
Police, church property, etc.	37.8	195.9	427
Military, physical culture, etc.	2,464.5	4,867.8	97
Public health	408.7	1,796.1	340
Social welfare	523.4	42,639.9	8,053
Industry, commerce and traffic	3,329.8	3,388.9	2
Science and arts	441.1	949.3	115
Public instruction	5,823.6	9,275.5	59
Electrification of Federal railways	—	10,000.0	—

The deficit for 1924 was Fr.43.5 mill., whilst the total of subventions amounted to more than double that figure. If the amount for subventions be cut down to half it will still be 100 per cent. more than the pre-war figure and the Budget could be balanced.

The Public Debt.—The Financial Delegation of the Federal Council has decided that it is advisable to make a start as early as possible towards the settlement of the Public Debt. It is pointed out that whilst at the end of the year 1913 the Federal National Debt (consolidated and floating) stood at Fr.280.8 mill., or approximately Fr.75 per head of the population, at the end of 1924 it had attained the figure of Fr.2,300.0 mill., or approximately Fr.594 per head of the population. During the period of eleven years it has therefore increased to eight times the amount in 1913. The acceptance of loans has involved very heavy charges. For the consolidated State loans since the acceptance of the first mobilisation loan the costs of issue amount to an effective capital of Fr.3,000.0 mill. Of this amount Fr.75 mill. were written off up to December 31, 1924, whilst a further Fr.25 mill. burden the Budget for 1925. (*Neue Zürcher Zeitung.*)

TRADE

Foreign Trade Returns for November.—During the month of November last imports were valued at Fr.223.08 mill. and exports at Fr.153.4 mill., the import figure excluding the value of imported bullion and specie. The month was characterised by a strong movement in gold and silver bullion and specie. In the following table the values of gold and silver exports and imports for November and for the period January to November 1925, the latter figures, it should be noted, include the official revisions recently made in the returns for October (in millions of francs):—

	November.		January-November 1925.		Balance.
	Imports.	Exports.	Imports.	Exports.	
Gold bullion	15.957	0.852	137.365	8.333	— 129.032
Gold specie	—	37.094	25.220	197.871	+ 172.651
Silver bullion	0.359	0.092	6.867	0.317	— 6.550
Silver specie	0.050	0.031	0.958	0.210	— 0.748
Total 1925	16.366	38.069	170.410	206.731	+ 36.321
Total 1924	4.491	5.474	25.393	139.591	+ 114.198

Taking the above movements into account the value of imports rose to Fr.239.4 mill. and that of exports to Fr.153.4 mill., leaving an adverse balance of Fr.86 mill. With the exception of the month of October, the adverse balance for November is higher than for any other month in 1925. The provisional October figures have now been revised and should read: imports = Fr.269 mill.; exports = Fr.170 mill.; adverse balance = Fr.99 mill. With the exception of the months of May and June, when the favourable balances were respectively Fr.5 mill. and Fr.4 mill., the balance of foreign trade from January to November has invariably been adverse. The aggregate adverse balance for the eleven months amounts to Fr.510 mill., as against Fr.422 mill. for the corresponding eleven months of 1924. The adverse balance for this period represents 21.4 per cent. of the value of imports, whilst in 1924 it represented 18.75 per cent. The chief cause of the heavy adverse balance was the failure of exports to maintain a high level. The trade not only to Germany, but also to Great Britain, the United States, France and Italy declined considerably, against which too slight improvements in certain other directions were not sufficient to make good the loss. For the time of the year there was also a comparative stagnation in the import trade. The main imports in November were raw materials for manufacture, Fr.60 mill.; foodstuffs and articles of consumption, Fr.47 mill.; manufactured articles, Fr.42 mill.; agricultural raw materials, Fr.15 mill.; and machinery, vehicles, etc., Fr.15 mill. As compared with the preceding month there was an increase in the importation of raw cotton to the extent of 16,303 quintals; timber for building and for manufacture, 18,115 quintals; raw iron, 10,868 quintals; other metals, 4,687 quintals; hides and skins, 1,009 quintals; artificial silk, 65 quintals. In most of the other categories there was a falling off in imports. Cast iron, for instance, declined by 20,687 quintals; sheet iron by 6,025 quintals; raw wool by 4,787 quintals; by-products for aniline dyes by 3,641 quintals; other chemicals by 43,685 quintals; argillaceous earth for aluminium by 19,962 quintals; coal by 34,672 tons; motor spirit by 22,404 quintals; agricultural raw materials by 13,617 quintals. The increase in iron imports is largely due to an improvement in the machine industry and also to a certain development and organisation of the iron market that has recently taken place.

The total value of exports for the eleven months ended November 1925 amounted to Fr.1,874 mill., or an average per month of Fr.170 mill. The November exports were therefore well below the monthly average for the past year. Compared with the preceding month increases were recorded in the exportation of aluminium to the extent of Fr.1.35 mill.; aniline dyes, Fr.0.47 mill.; straw goods, Fr.0.38 mill.; embroidery, Fr.0.32 mill.; medicines and perfumery, Fr.0.17 mill.; silk ribands, Fr.0.12 mill.; artificial silk, Fr.0.11 mill.; and woven goods, Fr.0.02 mill. The main decreases were in watches and clocks, Fr.4.79 mill.; cheese, Fr.1.88 mill.; silk fabrics, Fr.1.24 mill.; floss silk, Fr.1.11 mill.; footwear, Fr.1.43 mill.; chocolates, Fr.1.07 mill.; condensed milk and infants' food, Fr.0.91 mill.; machinery, Fr.0.73 mill.; apparatus, Fr.0.38 mill.; and cotton yarn, Fr.0.30 mill. (*Neue Zürcher Zeitung.*)

The general Press reports that a new general tariff has been in operation since November 5 last, by which the import duty on 240 articles has been increased. The new tariff is to serve provisionally as a basis for the negotiations for commercial agreements with other countries that will be conducted in the near future.

SOCIAL AND LABOUR CONDITIONS

The Labour Market.—The Swiss labour market changed for the worse during the two months ended November 30 last. The number of registered applicants for employment rose from 10,219 at the end of September to 12,219 at the end of October and to 15,760 at the end of November. The increase in unemployment during October was therefore 18 per cent., and during November 29 per cent. During October the number of offers of employment sank from 2,468 at the beginning to 1,859 at the end of the month, whilst there was a further decline in such offers during November, the number at the end of the month being 1,572. These figures represent a decline of 25 per cent. in October and of 15 per cent. in November in the number of offers of employment. At the end of September there were 420 applicants, at the end of October 657 applicants, and at the end of November 1,003 applicants for every 100 offers of employment.

The workers most affected by the prevailing unemployment were those engaged in agricultural pursuits, in the foodstuffs and articles of consumption industries, the timber, glass, metal and machine industries, various branches of commerce, the hotel trade, office employees and the domestic services. The unemployment was most pronounced among the unskilled workers, the number out of work rising by 28 per cent. in October alone, as against 14 per cent. for skilled workers. The fall in the demand for skilled workers was 21 per cent. and for unskilled workers 38 per cent. The following table enables a comparison to be made between the position last autumn and that at the corresponding time in 1923 and 1924.

Number of Applicants for Work.

	1923.	1924.	1925.
September 30 ...	22,830	8,718	10,356
October 31 ...	24,013	9,451	12,219
Increase per cent. ...	5	8	18

Number of Offers of Employment.

	1923.	1924.	1925.
September 30 ...	2,313	3,262	2,468
October 31 ...	2,135	2,409	1,859
Decrease per cent. ...	8	26	25

Although the situation last autumn was considerably worse than in the preceding year it shows, in respect to the number of unemployed, a big improvement on the situation in 1923. The increase in the number seeking employment in 1925 was largely due to the situation in the textile industry. If the number of unemployed textile workers be left out of the account the figures would read as follows:—

	1924.	1925.
September 30 ...	8,044	7,461
October 31 ...	8,846	9,337

The only branch of the textile trades that showed a slight improvement was the silk riband industry. On May 31 last the total number of unemployed in the textile industry was 745; by October 31 it had risen to 2,882, although it should be noted that at the end of July last it reached a still higher figure, namely 3,304.

The Federal Labour Bureau has issued a table of co-efficients concerning the activity of the labour market in the various branches of industry, as at the end of each quarter in 1925 up to the third quarter, in comparison with the situation at the close of the third and fourth quarter of 1924. The co-efficients are as shown below:—

Co-efficients of Employment Activity.

(Good = 150; satisfactory = 100; bad = 50.)

<i>Industrial group.</i>	1924.			1925.		
	End of 3rd quarter.	4th quarter.	End of 1st quarter.	2nd quarter.	3rd quarter.	
Cotton industry ...	92	96	99	82	81	
Silk industry ...	104	100	94	102	87	
Wool industry ...	92	93	80	66	73	
Embroidery industry ...	93	96	89	75	69	
Other textile branches ...	92	98	93	96	93	
Clothing, outfitting, etc. ...	102	100	100	103	98	
Foodstuffs and articles of consumption ...	118	122	101	98	107	
Chemical industry ...	100	100	100	100	100	

<i>Industrial Group.</i>	1924.			1925.		
	End of 3rd quarter.	4th quarter.	End of 1st quarter.	2nd quarter.	3rd quarter.	
Manufacture of paper, leather, rubber and products	65	68	66	64	66	
Graphic trades ...	116	116	109	126	113	
Woodwork ...	117	99	95	101	101	
Metal and machinery ...	107	103	103	97	101	
Watches, jewellery, etc. ...	116	115	103	102	99	
Quarrying and pottery ...	118	115	110	106	102	
Building trades ...	115	101	92	103	115	
Average index ...	104	102	99	95	94	

At the end of the third quarter of last year there were 169,929 workers employed in the 1,164 branches of industry under survey, as against 172,434 at the close of the preceding quarter. Taking a general survey there was not much difference between the second and third quarters last year.

The immediate prospects of about one-third of the industries are stated to be satisfactory or even fairly good; for about one-quarter the outlook is bad; and for the remainder the future is uncertain. In the cotton branch it is feared that there will be a reaction to the increases in the import duties of various foreign countries and that Swiss exports will be consequently affected. In the wool industry the prospects seem to be fairly bright. (Compiled from various reports in the *Wirtschaftsberichte des Schweizerischen Handelsamtsblattes* and the *Neue Zürcher Zeitung*.)

COMMUNICATIONS

Federal Railway Returns January to October.—

The following statistics have been published showing the receipts and expenditure of the Swiss Federal Railways during the first ten months of 1925, in comparison with the results in 1924 (in millions of francs):—

	1924.			1925.		
	a	b	c	a	b	c
January ...	27.03	23.17	3.86	27.72	23.82	3.90
February ...	27.07	20.33	6.74	25.35	20.83	4.52
March ...	33.68	20.95	12.73	30.47	21.13	9.34
April ...	34.30	21.85	12.45	31.05	20.89	10.16
May ...	33.03	21.75	11.28	31.04	20.80	10.24
June ...	34.10	21.85	12.25	33.79	22.00	11.79
July ...	39.20	22.81	16.39	35.89	22.68	13.21
August ...	37.35	21.89	15.46	34.92	20.84	14.08
September ...	39.20	22.18	17.02	36.42	21.25	15.17
October ...	36.06	22.02	14.04	33.66	21.28	12.38
November ...	30.74	22.73	8.01	—	—	—
December ...	32.74	19.00	13.74	—	—	—
Total ...	404.51	260.53	143.98	320.31	215.51	104.80

a Receipts, b Expenditure, c Surplus.

The figures for September and October 1925 are provisional. The receipts per kilometre of line have varied during the ten months from the lowest of 8,618 francs in February to the highest of 12,378 francs in September. (*Bulletin Commercial et Industriel Suisse*.)

UNITED STATES

POLITICAL AND GENERAL

The Presidential Message to Congress.—

President Coolidge abandoned the custom which President Wilson revived of reading messages to Congress in person, writes the *New York Commercial and Financial Chronicle* of December 12, and the message which Congress received on Tuesday was read, as far the larger number of Presidential communications to that body have been read, by the clerks of the Senate and House of Representatives. There is this much at least to be said for such a return to the old practice, that a message which is communicated to Congress in writing, and read as other communications to the Houses are commonly read, is more likely to be considered with attention and impartiality than one which is read by the President in person, no matter how great the interest or enthusiasm that may be aroused for the moment when the President himself appears. The last body of responsible men and women in the country that ought to be swayed by the personality of the President or his oratorical powers, when proposals

relating to national business are being considered, is the Congress of the United States. The influences which should count with that body, as far as communications from the President are concerned, are the convincing soundness of the views expressed, the clear appropriateness of the measures advocated, and the obvious practicality of the means suggested for carrying policies into effect.

A conservative note was struck by Mr. Coolidge at the outset in his reminder that "the functions which Congress are to discharge are not those of local government but of national government," and his insistence that "the greatest solicitude should be exercised to prevent any encroachment upon the rights of the States or their various political sub-divisions." "It does not at all follow," Mr. Coolidge continued, "that because abuses exist it is the concern of the Federal Government to attempt their reform." This is sound doctrine, and we have not failed to commend it on the previous occasions upon which Mr. Coolidge has advocated it. One of the dangers which was urged in the New York Constitutional Convention in 1788, when the ratification of the Constitution of the United States was under debate, was that the new Federal Government might become a "consolidated Government," by which was meant a Government in which the powers nominally reserved to the States would be in fact absorbed more and more by the central authority. The history of the United States has shown the reality of this danger, and Mr. Coolidge has rendered a great service by his reiterated insistence upon preserving the constitutional rights of the States, and leaving to them the control of all matters which the Constitution clearly intended should remain in their hands.

The larger part of the message is naturally devoted to a survey of various aspects of Government business, and a restatement of the policies to which the Administration is committed or in which the co-operation of Congress is particularly desired. Much of what is said under these routine heads calls for little or no comment. Mr. Coolidge is still firm for economy, but not for short-sighted niggardliness. The statement that "all proposals for assuming new obligations ought to be postponed unless they are productive capital investments or are such as are absolutely necessary at this time" is matched by the further statement that "our economy must be constructive," and that "oftentimes a capital outlay like internal improvements will result in actual constructive saving." The budget system is commended as one without which "all claim of economy would be a mere pretence." The tax bill prepared by the Ways and Means Committee of the House is endorsed "in principle," with the qualifying statement that "in so far as income tax exemptions are concerned, it seems to me the committee has gone as far as it is safe to go and somewhat further than I should have gone." Regarding the foreign debt settlements, "it is believed that they represent in each instance the best that can be done and the wiest settlement that can be secured." On the question of disarmament, Mr. Coolidge makes it clear that he favours American participation in another international conference on naval disarmament whenever the time is ripe, and he gives his support to the recommendation of the Morrow Aircraft Board in favour of an additional Assistant Secretary for the Departments of War, Navy and Commerce respectively "to give special attention to air navigation," instead of a unified Department of National Defence such as an investigating committee of the House has proposed.

On certain other points, according to our contemporary, the statement leaves something to be desired in the way of precision, and it instances the restrictive immigration law, the coal strike and railway consolidation as matters on which Mr. Coolidge's remarks seem to be lacking in definiteness. In conclusion, it says that the message as a whole contains no surprises, and indicates no important change of policy on the President's part. It is all through a conservative document,

encouraging to business, industry and agriculture in its promise of freedom from unnecessary Governmental interference, and gratifying to the country in the evidences of general prosperity which it notes.

Secretary Hoover on Foreign Price-fixing Monopolies.—The Hon. Herbert Hoover, Secretary of Commerce, writes as follows in reply to a letter from Senator Arthur Capper anent the question of alleged foreign price-fixing monopolies: "I have your letter enquiring as to the present activities of combinations and monopolies to fix prices of our important raw material imports that have been created or fostered by foreign governments. This matter has become even more urgent than when, two years ago, you introduced some defensive legislation in support of which I addressed you at the time. We are now subject to the full result of monopoly action and we have no machinery of adequate defence. It is inherent in all unregulated monopolies everywhere that they never can be content with reasonable returns, but must sooner or later undertake extortion. Without traversing the developments in all the ten or twelve combinations now running against us or in those that are in contemplation, I may use the single case of rubber as a sufficient illustration of where these things carry. The control of rubber production in the British East Indies was organised under the Stevenson plan in 1922. That area produces about 70 per cent. of the world's rubber, and we consume about 70 per cent. of the world's rubber. At the time the plan was put into effect by colonial legislation the claim was made that its purpose was to assure a fair price to the growers. The growers' committee stated that such a fair price would be from fifteen to eighteen pence (30 to 60 cents) per pound. We were assured that this 'fair' price was the sole objective of the combination. Exhaustive investigations of the Department of Commerce into the industry in the East Indies showed that at that price the capital invested in the industry would earn an annual average profit of from 15 to 25 per cent. The price has been advanced during this year in the following stages, as shown by average New York spot quotations:—

Month.	Cents.	Month.	Cents.
January ...	36.7	July ...	103.2
February ...	36.0	August ...	83.0
March ...	41.0	September ...	88.9
April ...	43.6	October ...	98.1
May ...	58.4	November ...	109.5
June ...	77.3	December ...	—

The price at one time reached \$1.21 per pound. That the situation is wholly an artificial creation is evidenced by the fact that the normal world consumption of rubber for 1926 is estimated at about 580,000 tons, whereas the potential production, if unrestricted, would be probably 625,000 tons. We are, therefore, not in the midst of a genuine rubber famine, but purely an artificial one, created by restriction on production for the purpose of advancing prices. Our imports for 1925 will be about 860,000,000 pounds and at normal growth our consumption will be 900,000 pounds in 1926. At the price declared by the price-fixing body as 'fair' to them, our next year's supply would cost us about \$324,000,000, but at the present prices of \$1.10 per pound it will cost us about \$990,000,000, or \$666,000,000 in excess of the 'fair' price. These increased prices of rubber are a very real thing to every family in the United States. The price over and above the so-called 'fair' price means an increased charge of probably \$20 or \$30 for each set of tyres on a light automobile, and \$50 to \$70 for each set on a heavy car. I may mention that if present prices are maintained against us, the excess sum of \$650,000,000 or \$700,000,000 which we shall pay is equal to more than twice the net earnings for dividends on all our electric power companies, or equal to 30 per cent. more than the net earnings for dividends of all our railways. It would seem, therefore, to be worth some attention. The dangers to our manufacturing industry that may come through a collapse in the price are so great that some of the smaller manufacturers have ceased production, as they fear they could

not stand the loss of suddenly diminishing inventory values. I have referred at length to the case of rubber merely by way of illustration. Coffee could be similarly used. All of these combinations are potentially dangerous. The problem we have to confront is a most pertinent one. What can we do to defend ourselves against trade war being made upon us? The measures that we can take, of course, vary with each combination. I do not wish to favour trade reprisals. Some of the following measures would ultimately afford relief if we had them organised, and all are wholly defensive in nature: (1) Our bankers can be discouraged from giving American credits to the support of these combinations. (2) We should initiate a strong systematic campaign for voluntary saving in use in every one of the commodities where these combinations become extortionate. (3) We should stimulate the manufacture and use of substitutes. (4) We should stimulate production where the commodities in question are not likely to be subject to such combinations. (5) We might set up some sort of properly controlled machinery for emergencies which would prevent our many hundred buyers from bidding against each other."

FINANCE

The Budget Message.—On the following day President Coolidge also submitted to Congress his annual Budget message for the fiscal year ending June 30, 1927, from which we give the following quotations.

Receipts and Expenditures.—The receipts and expenditures shown in detail in the Budget are summarised in the following statement, exclusive of postal revenue and postal expenditures paid from postal revenues:—

	Estimated. 1927.	Estimated. 1926.	Actual. 1925.
Total receipts	\$3,824,530,203	\$3,880,716,942	\$3,780,148,684
Total expenditures (including reduction of the Public Debt required by law to be made from ordinary receipts) ...	3,494,222,308	3,618,675,186	3,529,643,446

Excess of receipts ... \$ 330,307,895 \$ 262,041,756 \$ 250,505,238

The Budget for the fiscal year 1926, transmitted to the Congress December 1, 1924, indicated that for the fiscal year ended June 30, 1925, there would be a surplus of receipts over expenditure of \$67,884,489. The actual surplus was \$250,505,238. This gratifying difference between estimates and actual results was due mainly to unexpected increases in receipts, though a reduction in expenditure helped to swell the total.

In that Budget it was estimated receipts for the current fiscal year 1926 would amount to \$3,641,295,092 and expenditures \$3,267,551,378, forecasting a surplus of receipts over expenditures of \$373,743,714. This estimate, made one year ago, has materially changed. On the receipt side of the ledger the operations of the first five months of this fiscal year indicate that we will receive \$3,880,716,000, or approximately \$239,420,000 more than was estimated a year ago. There is an estimated increase of \$143,125,000 alone in our internal revenue, which indicates plainly the stimulating influence of business of the last tax reduction law. On the other side of the ledger the expenditures estimated a year ago as \$3,267,551,000 stand increased to-day to an estimated total of \$3,618,675,000, an increase of \$351,124,000. The indications to-day are that the surplus for 1926 will amount to \$262,041,000.

The Outlook for 1927.—The outlook for the coming fiscal year, 1927, is most favourable. For that year it is estimated the ordinary receipts will be \$3,824,530,000 and expenditures \$3,494,222,000. This indicates a surplus of \$330,307,000.

The outlook for 1926 and 1927 shows clearly that the united effort of the executive and legislative branches of the Government for economy in Federal expenditures are bearing fruit. In the last four fiscal years there have been two substantial reductions in taxes. We have restored to the people a part of the moneys which we required of them to finance the World War. We are now in that favourable position of making further restoration. The Budget and Accounting Act contemplates that under the fortunate conditions in which we now find ourselves the Chief Executive will make recommendation to the Congress as to the disposition of the estimated surplus of revenue. I therefore recommend to the Congress that there be a further reduction in taxes. The satisfaction of the Chief Executive in having opportunity to make such a recommendation I know is shared by the Congress, whose co-operation with the Chief Executive in the conservation of public funds has made such reduction in taxes possible.

The Ways and Means Committee of the House of Representatives has been informed of our prospective surplus for 1927. That Committee has prepared a tax-reduction measure. While this measure somewhat exceeds my judgment in amount and in exemptions, yet with continuing pressure for economy in the Federal service and the stimulation to business which will result from tax reduction, perhaps we can make further reduction in taxes of about the sum total of our prospective surplus for 1927 without jeopardising the balancing of our annual Budget. Such reduction, however, should carry an obligation not to embark upon new projects involving large annual expenditure if we are to safeguard the integrity of our Budget.

The fruits of our labours are reflected in the coming tax reduction measure. It reflects the results of the efforts of the servants of the people and their representatives in behalf of the people. There have been no partisan politics in expediting its preparation. I hope this same condition will prevail in the consideration of the measure.

Appropriations of 1926 and Estimates for 1927.—This brings us to the estimates of appropriations contained in this Budget. These estimates reflect the continuing pressure for economy in Federal expenditure. We have about reached the time when the legitimate business of Government cannot be carried on at a less expenditure than that which it now requires. With regard to our legitimate business the operating costs have been reduced to nearly a minimum. The normal expansion of the business of the Government in keeping pace with a growing nation will involve added expenditure from year to year. The effort for economy, however, must continue. So far as it lies within the power of the Chief Executive it will continue.

From the detailed table of appropriations and estimates supplied in the President's message it appears that the estimates of appropriations for 1927, payable

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Reserve Fund	£8,250,000
Deposits, etc. (30th June, 1925)	£298,947,270

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EXECUTORSHIPS and TRUSTEESHIPS UNDERTAKEN.

from the Treasury, will exceed by approximately \$50,600,000 the amount of the appropriations for 1926. However, in making a comparison we should take into consideration the lawful obligations for 1926 which have been determined since the appropriations were made for that year. Taking these into consideration the estimates for 1927 are less than the appropriations and lawful obligations for 1926.

For the air services the estimates carry a total of \$42,447,000, being \$16,973,000 for the Army, \$22,391,000 for the Navy, \$2,750,000 for the air mail service of the Post Office Department, and \$513,000 for the National Advisory Committee for Aeronautics. These amounts include contract authorisations, but do not include funds provided in other Budget items for the pay of commissioned Air Service officers, pay, housing, and general maintenance for the enlisted Air Service personnel, and certain classes of supplies and services of a general character furnished for Air Service activities. If we include these items, the total for the Air Service in 1927 will amount to not less than \$76,000,000. The estimates for the air services for 1927 are in furtherance of the programme which was commenced this year. They propose procurement from the industries of airplanes, engines, and accessories to the amount of \$20,954,000. The remaining \$21,493,000 is for maintenance, operation, experimentation, and research. This Government is pursuing an orderly policy toward building up its air services. We realise that our national defence air problem is primarily an industrial problem. We also know that the airplane industry to-day is dependent almost entirely upon Government business for its development and growth. We do not contemplate any competition between the Government and industry in the production of airplanes. With the business already assured by the appropriations for the current year, and with the further assurance of the business contemplated by these estimates, there should be a normal and proper growth in this industry. If we continue this policy, there need be no fear of our national defence situation in so far as air strength is concerned.

Public Debt Reduction.—The estimates include \$140,000,000 to be credited to the adjusted service certificate fund established under the World War adjusted Compensation Act of May 19, 1924. This amount is necessary for the third payment to the fund to be made January 1, 1927. The applications received clearly indicate that \$140,000,000 is the amount which should be paid into the fund on January 1, 1927.

During the fiscal year ended June 30, 1925, the gross public debt was reduced \$734,619,101. This was brought about through (1) retirements required to be charged against ordinary receipts, in amount \$466,538,114; (2) a reduction of \$17,575,749 in the general fund balance; and (3) the application of the entire surplus of \$250,505,238. The debt was at its peak on August 31, 1919, when the gross amount outstanding was \$26,596,701,648. The gross amount outstanding on June 30, 1925, was \$20,516,193,888. The reduction accordingly has been \$6,080,507,760, and the annual saving in interest amounts to more than \$250,000,000.

Certain fixed debt charges for debt retirement are included in the regular Budget of the Government. This policy, which has become firmly established and which provides for an orderly retirement of the public debt, was inaugurated by the Congress in establishing the cumulative sinking fund and in directing that certain miscellaneous sources of revenue, including the repayment of loans to foreign Governments made under authority of the Liberty Bond Acts should be applied to debt redemption. During the fiscal year 1925 debt amounting to \$306,308,400 was retired through the cumulative sinking fund. Other fixed debt charges amounted to \$160,229,714.

Interest payments during 1925 aggregated \$881,806,662 as compared to \$940,602,913 expended in 1924, and \$820,000,000 estimated to be expended

during 1926. For 1927 estimated expenditures are \$795,000,000.

TRADE AND INDUSTRY

Ability of the United States to Absorb Foreign Goods.—It is safe to predict, says *The Iron Age*, that when manufacturers and other business concerns ascertain their profits for the year 1925 these will be found in general to compare more favourably with those of 1924 than a comparison of market prices would have indicated. Generally speaking, there has been a larger turnover and unit costs have decreased partly on this account and partly from increased efficiency.

Linked with this change, there has been disclosed a larger power on the part of the American people to absorb goods than would have been expected merely from the appearance of industrial activity presented. To an extent in two or three preceding years, but more markedly this year, the statistics of production and distribution in actual quantities of goods have shown larger figures than would have been estimated by the standards of the past. That is, it is found that it is easier to produce and easier to consume than it used to be.

It may be comforting and inspiring to reflect upon this favourable trend, but reflection should not stop there. The bearing upon our business conduct in future and our general political economy should be considered.

The concern in this connection is chiefly as to our merchandise imports and exports. Europe is to be rehabilitated, put in condition for greater production and consequent lower unit costs. On this phase of the Locarno agreements much of the comment indulged in has been to the effect that Europe is going to give us stiffer competition. The spirit of the comment is that therein lies a menace to our own well-being.

It is one thing for the American people to cling to old ideals in morals and statecraft and another thing to cling to a political economy that is out of date. We were a debtor nation up to the war and had to export more merchandise than we imported in order to remain solvent. Now the people of the United States are creditors to the extent of some ten billions of dollars loaned, and the Government is creditor in claims that now promise to be in course of liquidation for a couple of generations by payments of several hundred millions annually.

Some people are indisposed to embrace the consequences of this new alignment, the ideas of the past being so strongly imbedded and their basis being apparently forgotten. There is now a different basis. Acceptance of the new situation will be furthered by reflection upon two things which the course of business in the United States in the past three or four years has shown. First, that the American people have a larger power of absorbing commodities than was assumed, hence are growing better able than has been thought to absorb some foreign merchandise also. Second, manufacturing industries have prospered, although engaged at much less than their productive capacity, hence are found to be better able to get along without exports to employ the "surplus capacity" than has been imagined.

We have been getting into position to stand larger imports relative to exports than formerly, and this situation is being accepted, but the swing should not be encouraged by inflation. We need to keep our prices in bounds, and the results of the past few years show that through efficiency we are acquiring the ability to do so.

Final Cotton Crop Report.—The final estimate of the present year's cotton crop, issued by the Department of Agriculture at Washington on December 8, puts the production at 15,603,000 bales, the highest estimate of the year, and an increase of 305,000 bales over the estimate issued two weeks earlier. Every Southern

State from Virginia to Texas inclusive, excepting Georgia and Florida, contribute to the gain, among the notable ones being Texas, Oklahoma, Arkansas, Missouri, Mississippi, Alabama and North Carolina. This year's production is the third highest on record and contrasts with 13,628,000 bales last year, 15,693,000 bales in 1911 and 16,135,000 bales in 1914, the last two mentioned being the previous record crops. In addition, there should be included this year linters, which will add a million bales or more to the quantity available. The Census Bureau's figures showing ginnings to December 1, which are taken into consideration by the Department in preparing the final estimate of production, give 13,857,600 bales ginned to that date, against 12,237,659 bales ginned to December 1, 1924, leaving to be ginned on the basis of this year's estimate 1,746,000 bales, against 1,400,000 bales on December 1 last year. It is clear that the Department figures on quite as late picking this year as last, and that the additional yield will be as heavy or heavier this year than it was a year ago. The Department points out, however, that the quantity of low grade cotton "to be picked depends on the price," although "the recent ginnings are said to show some improvement in grade, but mostly below middling white cotton."

The yield per acre this year is placed by the Department at 162.3 pounds, against 157.4 pounds in 1924, and the December revised area for the harvest is 45,945,000 acres, against 41,360,000 acres in 1924, the figures in both instances being the highest on record up to such year. The abandoned acreage this year for the entire belt, 4.6 per cent. contrasts with 3 per cent. in 1924. Of the important cotton States, Texas leads with 9 per cent. abandoned, Missouri next with 4 per cent. and Georgia, South Carolina, Oklahoma and Arkansas 2 per cent. each. There was a loss of 27 per cent. in New Mexico and 3.7 per cent. and 1.5 per cent. respectively for Arizona and Florida, while for the remaining cotton States 1.5 per cent. or less represents abandonment of area this year. The final estimate of production for Texas this year is 4,100,000 bales, but with late picking this may even go higher; last year's production in that State was 4,951,000 bales. Texas ginnings to December 1 this year are 3,661,000 bales, or 89.3 per cent. of the estimated total yield; last year to December 1 ginnings for that State were at practically the same ratio to the final estimate of production. There are six other States this year with a yield in excess of a million bales; last year there were only four other million-bale States. Mississippi shows the second largest yield at 1,930,000 bales this year, in contrast with 1,098,000 bales last year, and Oklahoma 1,550,000 bales for 1925, against 1,510,000 bales in 1924. In the final estimate of yield this year there are only two States, Texas and Arizona, where production is lower than it was in 1924. (*The Commercial and Financial Chronicle.*)

Proposed Cotton Legislation.—Because the cotton crop will be much larger than was expected last summer, there is a political demand for a change in the Crop Reporting Board and methods of reporting, writes *The Wall Street Journal*. As our agricultural production, amounting to over 12 billion dollars a year, vitally affects every form of business, any legislation of this kind demands consideration from every section of the country.

Demand for the changes comes from representatives of the cotton States, who apparently would subject the interests of the whole country to what they fancy would be the welfare of their particular constituents. Forty of them have decided to formulate a Bill providing for a crop reporting board, to be appointed by the President and confirmed by the Senate, and making radical changes in the method of reporting and the duties of the board.

Changes suggested range from good to indefensible. However, they have not yet been put into concrete form, and therefore it is useless to discuss them. But there is one futility suggested which only needs to be mentioned in order to discredit it. This is for an estimate of the

amount of cotton to be consumed and exported. This idea emanates from the same men who a year or more ago denounced the official forecasts of "intent to plant," securing legislation forbidding the Department of Agriculture to make estimates of such intention for the cotton States.

For these radical demands the reason is obvious. The December 1 estimate of the cotton crop was 1,960,000 bales larger than that of September 1. The weight of private reports shows that both estimates were fairly correct at the time they were made. This is so because cotton, unlike other plants, blooms throughout the season, and a change in the weather after the first of September can materially affect the production. As good weather vastly increased the supply, thus lowering the price, war is declared upon the Crop Reporting Board for telling the truth.

Producers of cotton are not the only ones interested. In the manufacturing business alone there is a capital investment of two billion dollars, while all our people, as customers, have an interest. Neither does cotton constitute the entire agricultural production of the country. The Crop Reporting Board and the methods of reporting, therefore, are not purely for the benefit of those who produce cotton.

Judging the future by the past, a board that will state the facts will give no satisfaction to the politicians from the cotton States whenever the crop is large. In such seasons they conceive the duty of the Board to be to stand in the market place and cry "scarcity."


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.

SOMETHING NEW

A booklet entitled 'LOST SAVINGS' which examines the case for investing money on the Mutual Principle. Send for a post free copy to the NATIONAL MUTUAL Life Assurance Society, 39 King Street, London, E.C.2. 1923 Bonus 42/- % p.a. compound. **FUTURE BONUSES ANNUALLY.**

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

SPECIAL ARTICLES

OUTPUT AND NEED AS FACTORS IN THE DETERMINATION OF WAGES.

By E. M. D. MARVIN.

Output and the living need of the worker are frequently spoken of as though they were rival principles in the determination of wages. To one man output is the only sound, "economic" basis of wages; payment according to need—the "fodder basis"—is a sentimental and dangerous heresy. To another living need is the all-important criterion, and the claim that the wage should be measured by output is a dodge to sweat the worker. Since this habit of thought is evidently widely prevalent it may be of some value to consider whether there is not confusion of thought in regarding output and need as conflicting and mutually exclusive factors in the settlement of wages. The question is not without practical importance, for our attitude towards it must affect our judgment upon many matters relating to wages, some of them, such, for example, as the question of a statutory minimum wage, and the question of the introduction here of the family allowance system now so widely spread and so rapidly extending upon the continent of Europe, being within the range of practical politics.

Professor Hobhouse's discussion of the payment of service in his "Elements of Social Justice" will be found to shed much light on the subject. Here it may be suggested that output and need are criteria which, logically, must be used *in conjunction* in fixing a wage, just to the worker and to the community; that they are, in fact, so used in all tribunals in which wages are adjusted, though often very inexactly; that we have to aim, not at the substitution of one for the other, but at their more accurate use in conjunction; and that much of the best work now being done towards elucidating industrial problems is, in fact, directed towards the better understanding of output and living need as measures of wages.

Obviously, the weakest worker who is required by the working of the industrial system (and not employed of charity, or in the expectation of the subsidisation of the wage from public funds) must be able to produce so much that when he is paid the community will not be the poorer, and he must be remunerated on terms which will keep him in a condition to develop and exercise his faculties. A system of industry which did not adjust itself to these natural restrictions would be ultimately self-destructive. The living need of the worker may be thought of as the base from which wages are measured, and output as the perpendicular along which they are graded according to productiveness above that minimum, which is just equivalent to the worker's living need.

If these gauges, output and living need, were standardised with scientific accuracy, and were applied to all forms of social service, and if, at the same time, there were no means of acquiring wealth except by social service, we should have attained the ideal of economic justice which our present social system presupposes; and it seems likely that this would satisfy the present sense of justice of the great mass of the people, who are profoundly convinced of the injustice of the existing haphazard distribution of wealth and are nevertheless opposed to any arbitrary equalising of incomes. But the gauges are, as yet, very imperfectly standardised; hence a great part of social injustice and industrial unrest. If we consider for a moment the importance of better standardisation as applied to need, we find that the vaguest ideas prevail even among the experts as to what a worker needs to keep himself

and his dependents in a condition of working efficiency. But if we are to succeed in reducing to order the problems of industrial remuneration we shall have to arrive at some fairly precise knowledge of the minimum of health and comfort connoted by "living need," and at some method of relating the wage to the number of persons it is required to maintain at this standard. Work of great importance has been done in recent years in our own country, in America, in Australia and elsewhere towards a more exact determination of the minimum of food, clothes and houseroom adequate to maintain the efficiency of the worker in particular communities.

Another body of workers, those engaged in medical and psychological research in factories and workshops, are enlarging our knowledge of the need of the workers in regard to the arrangement and duration of hours of work, light, ventilation, rest and other conditions in the workshop, and the reaction of these upon output.

Yet another group, students of the system of family allowances, are clearing up another vague conception in regard to need, the idea that it implies, in the case of all adult men, the needs of a "normal" family. Not only have they shown that the accepted "normal" or "standard" family group is of very rare occurrence, but they maintain that we can never bring the wage into harmony with living need by *any* averaging of family burdens either as between one man and another, or as between one period and another of one man's life as we now attempt to do by paying a man throughout a working life of perhaps forty-five years what may be likened to a thin trickle of provision for a family, most of which necessarily runs to waste as far as any children are concerned, when what is needed is a full fountain during the years when there are, in fact, children in the home. The proposal to substitute for this wasteful system direct provision for dependents, by means of an industrial pool or of social insurance, is in line with much other work that is now being directed towards the standardisation of living need as a factor in the determination of wages.

If, having reached a reasonably exact estimate of living need, we can make this knowledge effective by the establishment of a minimum wage—those whose work is worth less than the minimum being dealt with as exceptional cases—we shall not only eliminate sweating, which is waste, but we shall clear the ground for an exacter measurement of output above the minimum by which the worker earns his keep. That output, equally with need, requires to be more accurately standardised is evident at the present time when output often fails to secure its due reward, and in many trades—for example, among engineers, railwaymen and builders—the wages of skilled men are so little above those of the unskilled that there is hardly sufficient inducement to undertake the effort implied in the more highly skilled and more responsible functions, or to apprentice boys to skilled work. Should this levelling tendency in wages persist there is danger of our becoming increasingly a nation of unskilled workers.

Not only does a better understanding of living need make possible an exacter measurement of output, it has again and again resulted in increasing output, as it has increased the health and happiness of the worker. For example, very striking results in this direction have followed upon changes of hours introduced in correspondence with the results of medical research into the effect upon output of the duration and arrangement of hours of work. Similarly, the more accurate measurement of output should result in an increase of output, since workers may be expected to become more energetic when they can be confident that energy will secure its due recognition in the wage.

THE TOBACCO INDUSTRY IN THE LEVANT.

To the recently published article "The Tobacco Industry in Greece" (see THE ECONOMIC REVIEW, December 25) may perhaps serve as a complement the following notes from Greek sources on the activities of Greece's rivals, Turkey and Bulgaria, and her potential rival, Tripoli, in the production of that class of tobacco which formerly achieved world-wide fame under the name of Turkish tobacco, the Turkish tobacco-producing territory in Eastern Europe having been assigned, after the Balkan Wars, to Greece and Bulgaria.

TURKISH TOBACCO.

The following account of the tobacco industry in the Smyrna district is supplied by the Greek Consulate in Smyrna and reproduced in the October and November Reports of the Athens Chamber of Commerce and Industry.

Turkey's tobacco output before the Balkan Wars amounted on an average to 40 million kg. per annum, but, in spite of loss of most of the European tobacco growing territories, it is now much higher, the cultivation of tobacco having been considerably extended. This extension is due, partly to the abandonment by a number of farmers of the cultivation of wheat in favour of that of tobacco as more remunerative, partly to the growing demand for tobacco by America which has constituted itself the chief consumer of Turkish tobacco. The following information has been obtained relating to tobacco cultivation, manufacture and export in the Vilayet of Smyrna.

The geological conformation of this district exercises a specially favourable influence on the quality of its tobacco, as the soil, which contains large quantities of lime as well as potassium and phosphates of lime, fosters the germination of seeds and the growth of the plants for which the soil and geographical situation of the area are alike suitable. Being close to the sea and consisting of small hills and declivities, it enjoys the advantage of the westerly breezes favourable to the development of the plants. The climate is moderate in temperature with a period of drought lasting from the second half of June until September, which contributes to the drying of the leaf and permits of its being made up into bales without fear of future damage. The continuance of the heat during the period in which the breaking up of the leaf begins, gives a special value to Turkish tobacco.

While the plants are still underground, they are attacked by the insects known as "Gourtilières" and by blight caused by lack of ventilation which does not yield proper results owing to ignorance of modern scientific methods on the part of the farmers.

After the transplantation of the plant from the nursery garden into the fields it suffers from the attacks of "vers blancs" and cockchafers, and, during the period of germination, from those of the disease known as "basora."

COST OF PRODUCTION.

The cost of production varies, according to district, between 30, 40, 100 and 150 piastres per oka (1 oka = 2.8 lb.); but the additional cost per oka from the time when the tobacco reaches the dealer until its export is as follows: -

Expenditure.	Piastres.
Manipulation	15
Rent of sheds	3.50
Insurance	1.50
Storage	2
Various	1
Staff, etc.	3.50
Interest on loans	10
Cost of export, including freight marine insurance and shipping	6
Total	42.50

To these should be added cost of transport from the place of production to the warehouses of the dealer, 8-10 piastres according to distance; agents' commission, 5;

incidentals, 3; total, 16-18, making in all a total additional cost of 59-61 piastres per oka.

TURKEY'S TOBACCO TRADE.

The estimate of this year's tobacco crop in the Smyrna district is 12,750,000 okas, according to a Smyrna trade journal, and 14,000,000 okas, according to well informed local business houses, or some 6 million okas less than last year's crop of 20 million okas. Last year's output for the whole of Turkey was 63.4 million okas (the chief contributing districts being Smyrna, 25 million; Broussa 6 mill.; Adrianople, 3.5 mill.; Ismes, 2.5 mill.; Xen-tekes, 2.5 mill.; Doutsas, 2.5 mill.; Chiouan, 2.5 mill.; Erias, 2.5 mill.).

The export of tobacco from the port of Smyrna to the chief customer countries from August 1, 1924, to July 30, 1925, was as follows (in 1,000 kg.):—

Country.	Aug. 1, 1924 to		1925.				
	Jan. 30, 1925.	Feb.	Mar.	Apr.	May.	June.	July.
Italy ...	3.187	1.131	893	450	103	169	332
America ...	2.521	—	—	—	—	—	3
Germany ...	1.653	384	194	182	130	140	250
Belgium ...	210	18	33	50	10	10	—
France ...	184	—	—	—	—	—	—
Greece ...	68	105	58	130	59	5	1
Great Britain ...	46	—	—	2	—	—	4
Norway ...	17	—	—	—	—	—	—
Egypt ...	8	2	1	15	1	—	1
Holland ...	—	28	9	10	15	—	121
Total ...	8.894	1.668	1.188	839	323	324	703

Thus the total tobacco exports from the port of Smyrna for the year amounted to 13,939,000 kg.

When the Egyptian Government imposed upon Turkish tobacco heavier customs duties than those imposed upon Greek tobacco thus placing Turkish tobacco in an inferior position to the Greek on the Egyptian market, the Turkish Government approached the Egyptian Government with the object of obtaining a reduction of these duties.

When Hungary decided to purchase Turkish tobacco, the Chamber of Commerce of Smyrna notified the Turkish tobacco merchants that they should, before the end of last August, offer their tobacco to the Board of Management of the Tobacco Monopoly in Budapesth, giving particulars of quality, minimum price, the amount at their disposal and the place of origin. The tobacco is to be delivered in Budapesth and the price is to be paid in Swiss francs.

Mexico has likewise decided to purchase Turkish tobacco, and has entered into negotiations for that purpose.

The above information, which deals almost exclusively with the Smyrna district, may perhaps be usefully supplemented by the following particulars supplied to the Morning Post by its Constantinople correspondent, which the Athens Chamber of Commerce and Industry considers of sufficient novelty and interest to reproduce in its November Report and to recommend to the attention of Greek tobacco growers and dealers.

"The value of the tobacco sold during 1924 was 85 million Turkish pounds, but it is hoped that the yield from tobacco sales in 1925 will reach 100 million Turkish pounds. Since Turkey lost the provinces producing the far-famed tobacco of Drama, Cavalla, and Jenidse, she has multiplied her efforts to improve the quality and quantity of the tobacco of Asia Minor. In the Samsoun district, the Turks have succeeded in producing a tobacco leaf nearly identical with the Macedonian leaf, for which they obtain the best prices. In the Vilayet of Broussa, tobacco growing has supplanted sericulture, the soil being very rich."

"The better quality Turkish tobacco is purchased by America, the next best customer being Great Britain."

"Many new tobacco companies have recently been founded in Broussa and Smyrna."

STOCKS IN HAND AND PRICES IN TURKEY.

The stock in the hands of the retail dealers amounts to 4 million kg. and that in the hands of the export dealers to 1 million or 5 million kg. in stock in all.

During February there were in hand for sale in Constantinople 17,637,800 okas of Turkish, and 1,968,708 okas of Russian tobacco, making 19,606,508 in all.

According to an economic journal of Constantinople, the stock in hand in the whole country, exclusive of that of the Smyrna district, some 5 million kg., amounts to 17.5 million kg.

Home consumption throughout the country averages 10 million kg. a year, of which 1.5 million kg. are consumed in the Smyrna district.

The prices noted during the past year (August 1, 1924, July 30, 1925) varied between 80, 130, 200 and 300 piastres per oka, according to quality. The dealers hope that these prices will be maintained at last year's level, but a certain trade and agricultural journal of Smyrna anticipates an increase of from 20 to 30 per cent. on the following grounds: (1) That this year's output is small in quantity, but good in quality. (2) That the farmers, being able to afford to keep their tobacco, will do so in expectation of higher prices. (3) That increased demand is anticipated, seeing that the Americans have decided to approach the Turkish tobacco market since their failure to come to terms with the Bulgarian dealers owing to the latter's excessive demands.

Further the Turkish papers announce that the recently established Bulgarian Tobacco Company, "Koutsoglos," as well as the American Standard Commercial Tobacco Company, founded since the armistice, with a branch at Smyrna, will be purchasers on the chief markets, the American company already having placed considerable orders at Broussa, Smyrna, and Tas-Ava. Likewise there has recently been founded at Smyrna a branch of the Dutch Tobacco Company, "Waltarkan," which, it is anticipated, will purchase on the Smyrna market an appreciable quantity of tobacco.

For the above reasons it is anticipated that this year prices for Turkish tobacco will rule higher than those of last year.

This year's cost of production, however, will be greater than last year's owing to the high wages paid to the tobacco harvesters.

A shortage of labour has been caused this year throughout Turkey by the extension of cotton planting which has employed a large number of workmen who formerly devoted themselves to tobacco.

According to information furnished by an economic journal, Hungary is to send agents to the Broussa market this year.

THE INDUSTRY IN BULGARIA.

The following review of the tobacco situation in Bulgaria appears in *Oikonomologos Athenon* (December 19):

The area planted with tobacco in Bulgaria was 457,000 decars (1 dekar = 1,000 square metres) as against 435,000 last year, an increase of 23,000 decars. The largest of the 12 tobacco growing districts is Philipopolis with an area under tobacco cultivation of 104,800 decars in 1924 and 131,800 decars in 1925, which in itself more than accounts for the increase of the area under cultivation in 1925. There has been a decline in the areas producing the superior qualities, due to a shortage of young shoots, which have been attacked by disease and in some parts completely destroyed.

Although the area planted with tobacco has increased this year as shown above, it is doubtful whether this year's crop will attain two-thirds of that of last year. The returns have not yet been published, but it is generally estimated that the crop will yield less than 25 million kg. as against 38.1 million kg. last year. The main reasons for this shortage are as follows: (1) that the young shoots planted have nearly always been diseased; (2) that almost immediately after they were planted they were attacked by caterpillars and destroyed over considerable areas; (3) that the spring was exceptionally cold and prevented the plants from attaining their normal height, but subsequently the

weather favoured them and saved them from disease and cold, yielding exceptionally good results in quantity and quality. This year's quality bears comparison with that of 1923, that is to say, the tobacco is yellow, light and without white veins or other serious defects, that is to say, in strong contrast with the 1924 crop. On an average the 1924 crop yielded 85 kg. to the decar. Of this crop some 9 million kg. or about a fourth remain on the farmers' hands, consisting of the superior kinds from the districts of Djebelbasma, Kirtsali, and Macedonia, and the quite inferior qualities. The medium qualities have for the most part been disposed of. After a stagnation of many months' duration, business has gradually recommenced even in the tobacco remaining over from the above mentioned crop and it would seem that it will be taken up, by reason of the prospect of a short crop this year.

Of the three-fourths of produce of the 1924 crop purchased by companies and private dealers very little has been sold abroad. Small quantities have been and are being shipped, partly to meet the minor necessities of the manufacturers, and partly into bond, generally, however, the quantities thus disposed of are insignificant.

Of the lots ready for sale from the 1925 crop, only the two or three following large purchases have been made, viz. the purchase by the Italian Tobacco monopoly of 2 million kg. of *yiakides* I.-VI. from the districts of Doubnitsa, Chonmagias and Djebelbasma; purchase by the Polish Tobacco Monopoly of 700,000 kg.; shipment by the Standard Tobacco Company to the German Tobacco Manufacturers' Association of 400,000 kg. of tobacco of inferior quality; shipment by another company of 200,000 kg. to German factories.

Wages generally declined a month ago by 10 per cent. There is a surplus of labour and a comparative shortage of work. It is expected that during the three first winter months, that is until the sales of the new crop commence, considerable unemployment will prevail. The Government is striving to avert the expected labour crisis, of which the spectre, among other troubles, is sufficiently threatening, but it is not hoped that it will obtain any substantial result.

Before the Communist movement of September last there existed a very powerful and highly perfected labour organisation, to which all the tobacco workers belonged. Since the dissolution of the Communist party, and of their labour organisation, the workmen have remained unorganised.

For the last three months the Government has been considering a Bill for the reduction of the various existing taxes, the export duty, statistical tax, tax on difference on the exchange, provincial tax, communal tax, tax on trades and professions, and profits tax, and for imposing on the tobacco trade a single tax in the place of all those above-mentioned, such tax to be 14 per cent. of the value of all tobacco purchased up to 50 leva and 10 per cent. on the value of all tobacco purchased above that amount. Meanwhile Parliament has been adjourned and the Bill still remains to be passed.

The Government is showing no concern about this commodity, but private initiative is active and is making every effort to improve conditions of production and consumption.

A NOVEL BY-PRODUCT OF BULGARIAN TOBACCO.

Attention is drawn in the November Report of the Athens Chamber of Commerce and Industry to the extraction by the tobacco planters of the Northern parts of Bulgaria and Timovo of oil from tobacco seeds. This oil may, as regards its nutritive properties, be compared with olive oil. The control of this new industry is in the hands of the Napred Co-operative Consumers' Union.

One hectare of tobacco will produce from one to two thousand seeds, of which half may be used for the production of oil, 100 kg. of seed yielding from thirty to thirty-five litres of oil. Up to the present there are three factories for the extraction of oil and the farmers are

highly pleased with this venture undertaken by the said Union. These factories have been visited by experts from Constantinople and Smyrna. The most important of them is at Philipopolis.

TOBACCO GROWING IN TRIPOLI.

To the above survey of the progress of the cultivation of the tobacco, formerly known as Turkish, by Turkey and her Succession States, may be added the following brief account of the attempt by Italy to produce tobacco in Tripoli (also a former Turkish Province) supplied by the Greek Chamber of Commerce in Trieste and reproduced in the November *Report* of the Athens Chamber of Commerce and Industry.

The agency for the cultivation of tobacco grows it in preference in all the oases near the coast. Of the various kinds of tobacco grown hitherto, the two native types, Phezant and Tripoli, are used exclusively for snuff and chewing. In smaller quantities are produced the classes known as Tobak and Erzegovina Tigko, made specially for narghileh smoking.

Since the first tobacco was planted by the Italian Tobacco Monopoly, its cultivation has appreciably increased. Whereas in 1923 the number of planters was 75, in 1924 the number had increased to 340, with a proportionately increased output.

From the current harvest, yet more satisfactory results are anticipated, since licences have been granted to 400 cultivators over an area of 40 hectares.

It is worthy of remark that this year, for the first time after so many years, cultivation is being carried on by Italians instead of exclusively by natives as heretofore.

For the improvement of production, the Board of Management of the Italian Tobacco Monopoly has established experimental nurseries for the cultivation of Anatolian tobacco, providing at the same time for the improvement of the native kinds.

Extensive areas will be sown, the plantations of which will be distributed among the Italian farmers for their special cultivation on the various table lands of the colony.

SUGAR.

By F. SCHNEIDER, JR.

(Continued.)

With regard to the beet sugar industry, which is carried on chiefly in California, Colorado, Utah and Michigan, our Government has adhered pretty consistently to a paternalistic policy. The duties and bounties have been a direct stimulus, while the Department of Agriculture has carried on a persistent propaganda for the cultivation of beets and has spared no effort to assist the growers. An industry that produces about one million tons yearly and that represents a capital investment of about \$300,000,000 has been built up. Defenders of this policy emphasise the desirability of being independent of foreign sources of sugar and cite the employment and wealth created by the industry. Economically, our "hothousing" of beet sugar has little to defend it. Americans will not perform the labour needed in the beet fields, which is exacting, and labour conditions among the foreigners used for this work have been a constant source of criticism. Taking broader ground, it seems that the economic resources employed in the industry could be more profitably employed in other lines. As for being independent of foreign sugar, it may be noted that American capital already controls the Cuban industry, our chief source of supply. Pretty clearly it seems unwise to tax our consumers heavily in order to produce a commodity with difficulty in this country that can be produced more easily and cheaply in Cuba. A more rapid increase in our wealth and prosperity may be obtained by concentrating on our export trade with Cuba and other sugar-growing countries.

Having encouraged the development of the domestic beet industry our Government has, of course, a certa

responsibility toward the interests vested therein. Complete withdrawal of the duty probably would put a considerable proportion of the producers out of business. A policy that has stood for several decades need not be reversed hastily. However, regard for vested interests should not obscure the need for setting up a policy that will stop the diversion of our national resources into relatively unprofitable channels. Some part of the beet industry would survive with a materially lower duty, while a reduction would stop the growth of the industry and its attendant problems.

The question may now be considered of how it is that Cuban raw sugar is selling at far less than the cost of production, at a time when prosperity is widespread and the consumption of sugar is establishing new high records. Sales recently have been made, cost and freight paid at New York, but without the duty paid, at $1\frac{1}{10}$ cent a pound. This is only $\frac{1}{8}$ of a cent above the low level touched early in 1921, when the industry was deep in the depression that followed the great post-armistice collapse in sugar. It is less than half a cent above the lowest price for all time, that touched in 1902 when Cuban raws sold, cost and freight at New York, for $1\frac{0}{10}$ cents. In 1923, with prosperity restored, Cuban raws commanded more than $6\frac{1}{2}$ cents. Why do they again sell at less than 2 cents?

Not much analysis is required to discover that for the moment the world has too much sugar, nor is it difficult to identify the sources of the excess production. Cuba has supplied a record-breaking crop at a time when the European beet sugar industry has recovered from war-imposed curtailment and when yields in other growing districts are generous. As a result, the world's sugar production for the crop year 1924-1925 has jumped, according to the statistics prepared by Willett and Gray,* to 23,557,280 tons. This output represents an increase of 3,436,011 tons over the previous year, and of 5,235,000 tons over that of two years previous. Carried back to 1919-1920, the low year of the war-affected period, the gain is 8,335,000 tons, or 55 per cent. A moderate growth over pre-war production, which was about 18,000,000 tons, certainly would be justified. Perhaps a supply of 20,121,000 tons, such as was produced in the crop year 1923-1924, would not be too much. But a production of over 23,500,000 tons clearly is more than the world can absorb at this stage of its development without a disastrous effect on prices. And the latest Willett and Gray estimates (November 12) are for 24,242,250 tons in 1925-1926.

How large a part Cuba has played in upsetting the industry's equilibrium may be seen when the facts regarding the island's output are reviewed. Last year's crop of 4,066,000 tons was considered a bumper; it exceeded any other on record. Yet this year's crop has yielded no less than 5,125,000 tons. High war-time prices greatly stimulated the cultivation of cane in Cuba. This year's crop was just about twice that produced in the year the war started. Part of the exceptional size of the latest crop was due to unusually favourable weather; similar weather would be required to duplicate it. On the other hand, given reasonably good weather, the new crop is likely to be large. Willett and Gray estimate it at 5,150,000 tons. Cuba has indeed become our sugar bowl—and a very capacious one.

Meanwhile the recovery in the European beet sugar industry has carried production, which amounted to 8,180,000 tons in 1913-1914 and which dropped to a low of 2,603,000 tons in 1919-1920, back to 7,077,000 tons for the present crop year. For the crop year 1925-1926 it is estimated by F. O. Licht, the German authority, at 7,605,000 tons. French production, which dropped to as little as 110,000 tons in 1918-1919—the French beet fields and sugar factories having been in the zone of active military operations—is now back at

* Willett and Gray: *Weekly Statistical Sugar Trade Journal*, Oct. 29, 1925, p. 56. For estimate of European beet crop 1925—see *ibid.*, Oct. 22, 1925.

normal with an output this year of 827,000 tons. The German crop of 1,575,000 tons, still much below the 2,720,000 tons obtained in 1913-1914, is, however, a great improvement over the 739,000 tons obtained in 1919-1920. Some 200,000 tons of the German deficiency is explained by the loss of territory to Poland; the other one million tons appears a real loss, and one of the few losses in Europe that still exist. Austria's great pre-war production has now been split up among Czechoslovakia, Hungary and Poland; the aggregate, however, is well up to the pre-war—Czechoslovakia alone produced 1,409,000 tons this year, Poland 494,000 tons, Hungary 202,000 tons. Production in other European countries, such as Belgium and Holland, has been increasing, and that in Russia is coming back materially. Licht estimates Russia's crop for 1925-26, in fact, at 950,000 tons as compared with 458,000 in 1924-25. Altogether it is entirely probable that Europe soon again will be the great sugar producer that she was before the war.

Such being the situation, the outlook for the sugar-growing companies does not appear particularly promising. Unfavourable weather could materially alter the position to the benefit of prices. Lacking that, another large crop is in prospect. The makings of another big Cuban crop certainly are present; and there is no particular reason to anticipate radical curtailments in other regions. In time low prices will bring the natural remedy in the form of reduced production and increased consumption; but they hardly have been in force long enough to restore the equilibrium. After all, the sugar industry enjoyed two years of generous prosperity in 1923 and 1924. If these were to be followed by two years of lean profits, the working of the law of compensation would be illustrated. The inertia of so huge an industry must be given due weight; the curb of low prices probably must be felt for more than a few months before the world production apparatus is readjusted. The situation is summed up in a recent statement by Edwin F. Atkins, by many regarded as the dean of the American trade. "I have not been disappointed," he declared, "at the fact that prices have not improved since last January, as I felt that there was an over-production of sugar in the entire world and it will require another year before this can be adjusted to consumption and the surplus stocks absorbed. If none of the many possible adverse conditions develop, the coming Cuban crop will be large enough to keep prices low. While such conditions cannot be permanent, they will be likely to last long enough to put out of business the high cost producers, which will in turn have the effect of reducing production. I look for better conditions in 1927. . . . The whole trouble, particularly in Cuba, is due to the high prices of several years ago, which led to over-expansion of the sugar business, planting of too much cane and the erection of new factories. Our domestic industry is in a similar position. The sugar industry is sick and needs a strong medicine in the shape of low prices to cure the sickness. After this, prices should slowly recover with a normal condition restored by 1927, and while the high cost producers may have to go out of business, low cost producers with strong financial resources will be in a better position than ever."

The sufferings imposed by the present situation by no means are restricted to the sugar producers. The refiners have been having fully as difficult a time. They have been unable to make profits at times when the producers have been earning well. All this argues for the existence of excess refining capacity. In addition, however, the refiners have been forced to cope with the fact that their refining margin is small in relation to the fluctuations that have occurred in the price of the raw material. When the price of sugar is stationary the refiner's problem is comparatively simple; he has merely to add his charge to the price of raws. When prices fluctuate the refiner must either speculate in the raw material or attempt to hedge in the futures market on the Sugar Exchange. Those refiners who have neglected, or have been unable to avail themselves of,

the protection of the futures market have on numerous occasions during the past several years found their refining profit wiped out by their losses in the raw material. Our largest refining company was unable to pay dividends on its common stock during the past four years. Periods of rapidly fluctuating prices are difficult for refiners; those of slowly falling prices also appear to be unsatisfactory.

The sugar industry furnishes interesting evidence, then, of the limitations of the protective system as applied to internationally produced raw materials. Our high sugar tariff has been no safeguard for the domestic producing and refining industries against the cycles of depression that run over the world. In fact, there is reason to suspect that the industry's present troubles have been augmented by the tariff, which has stimulated domestic production at a time when the rest of the world has been working up to a surplus. Sugar, after all, is a highly competitive commodity. Its production is spread widely over the world, its consumption is sensitive to prices, and substitutes for its use exist and are being developed. Fluctuations between prosperity and depression are severe. The labour problem involved in its production is a difficult one. It would seem the part of wisdom to let the tropics carry this burden, and obtain our reward in supplying the tropics with the things that nature has best fitted us to produce.

THE ECONOMIST'S BOOKSHELF.

PIEDMONT.

Il Piemonte e gli Effetti della Guerra sulla sua Vita Economica e Sociale. By GIUSEPPE PRATO.—Carnegie Endowment for International Peace. (Bari: Gius. Laterza & Figli.—London: Oxford University Press.—Price, L.36.)

This is the fourth of the Italian series of volumes to be published under the auspices of the Carnegie Endowment for International Peace as part of its "Economic and Social History of the World War." The subject of the volume is "Piedmont and the Effects of the War on its Economic and Social Life," and it is written by Giuseppe Prato, Professor of Political Economy and Public Finance in the University of Turin. The selection of Piedmont as a field of synthetic examination, by way of illustrating, within restricted limits, the relations and consequences of the economic and social changes studied analytically in the other volumes of the Italian series, was dictated by the consideration that in that region such changes were more accentuated than elsewhere, and also because of the numerous links with the past which had still survived, and the remarkable diversity of aspects presented, within an area by no means vast, by the local life of the territory.

Professor Prato traces the development of Piedmont from a purely agricultural region to one in which—largely owing to the utilisation of its water power—engineering and manufacturing enterprises now occupy a prominent place. As regards agriculture itself, one effect of the war has been to increase the number of small proprietors, although in Piedmont the proportion of small owners was already much larger than in the other regions of the Po basin—Lombardy, the Venetian provinces and Emilia. Many peasant farmers who had spent two or three years in war factories preferred to sell their land rather than return to their villages. Simultaneously, the larger rural proprietors were forced to sell for a variety of economic reasons, such as the difficulty of finding labour, the rising costs of production and the growing hostility of the peasantry to the "signori." The net result of the changes, however, appears to have been economically good. For although the elimination of the large owners has deprived agriculture of valuable directive powers influencing production, and although the division of large properties has in certain cases been unfavourable to technical progress, "it cannot be denied," says Professor Prato,

"that, on the whole, the land acquired at great cost by the direct cultivators most worthy of owning it already shows everywhere the characteristics of more complete utilisation and of a more intensive output, and that the average standard of living of the rural population has been raised to a considerable extent thereby."

Professor Prato gives a very complete account of the various factors affecting the industrial life of Piedmont in the years during and succeeding the war, such as wages, hours of labour, male and female labour, strikes, the capital employed in different branches, the price of industrial shares, etc. The political, social and psychological causes of the communistic troubles in 1921 in the metallurgical, automobile and other industries, which synchronised with the birth of the Fascist movement, are analysed with considerable detail. There are some interesting pages on the development of the co-operative movement, the weakness of which in Piedmont is attributed to its dependence upon political currents and its strict subordination to their interests. The fact that the industries of the region were not irreparably ruined by the internal and external influences of a threatening nature to which they have so recently been subjected proves that their vitality springs from sound and well-nourished roots. Even in 1922 there were many more metal workers employed in every branch of the industry in Turin than before the war, while the textile industry was working at full capacity throughout Piedmont, and experiencing a lack of skilled workers.

While there are indications that what Professor Prato calls the "long convulsionary phase" is now closed and that the path of prosperity has now been entered upon, it is evident from many passages in his work that he views with a certain apprehension the materialistic tendencies which he apparently regards as specially characteristic of the Piedmontese psychology. This materialism is to be seen alike in the habits of the people, and in their disregard for art, science and intellectual life generally. In the chapter entitled "The Life of Turin," for example, we are given figures of consumption per head for necessaries and luxuries during the years 1912 to 1920 (or 1922). Quantitatively the most recent years show a slight reduction in the consumption of wine, and considerable increases in that of spirits and liqueurs. The expenditure on tobacco increased from 19.50 lire per head in 1914 to 154.11 lire in 1922-23, the most recent figure for the rest of Italy being 67.46 lire per head and the cost having been only quintupled in the interval. The enormously increased cost of wines and spirits must, of course, be considered in connection with the quantitative figures of consumption given. As regards wine alone Turin, notwithstanding the lower consumption mentioned, is still over 40 litres per head above the rest of Italy. In his chapter on "Social Life" Professor Prato has much to say about the decreased interest shown since the war in literature, the drama, or anything unduly transcending the needs, interests or enjoyments of the moment. He quotes, possibly with a certain personal relish, the following passage by Einaudi on university life: "I do not think there is another region in Italy in which so little is thought of the university and of university men as in Piedmont. A university professor in Pavia, Padua, Pisa, Rome, Naples or Palermo is somebody. In Turin . . . professors count for nothing." From all of which Professor Prato concludes that any social improvement effected in Piedmont by the war must for the present be regarded as being mainly of a material nature and that it is as yet "far from being translated into true educative progress." J. M.

SHORT NOTICES.

The China Stock and Share Handbook. Compiled by C. R. Maguire. (Shanghai: North-China Daily News and Herald Ltd. Price, Mex.\$6.) Business men whose interests lie in the Far East will welcome the appearance of this new edition of the China Stock and Share Handbook compiled by Mr. C. R. Maguire. It is a mine of information regarding Far Eastern joint stock companies, and brings up to date facts relating to most of the important companies operating in China, whether for insurance,

rubber, shipping, stocks, and Government loans or debentures. Under the Stock Exchange section will be found a very useful explanation of stock exchange terms, financial abbreviations, a list of chartered accountants, and specimens of those forms in use on the Shanghai Stock Exchange. A page is devoted to each of the undertakings it reviews and shows the results of its workings during the past four or five years. This matter is most conveniently arranged upon a set plan and will enable the reader to form a very fair opinion for himself as to how the affairs of the concern in which he is interested are progressing. The compiler points out that owing to the importance of the rubber industry much space has been allocated in this edition of the Handbook to matters connected therewith, and particular reference has been made to the Stevenson Act, which may truly be said to have saved the industry from being tapped out of existence. The notes on this subject are optimistic and they should serve to assure investors of the great stability of this industry. At the request of a number of investors in Chinese Government loans, some pages give particular attention to the more important loan agreements. Further, as many companies whose shares are not quoted on the local exchange have a considerable public interest, the compiler hopes that those whose figures do not appear in this present issue of *The China Stock and Share Handbook* will send in their reports and balance-sheets to him in order that they may be incorporated in forthcoming editions. In view of the growing popularity of this work, Mr. Maguire's plea is a most reasonable one, and its adoption can only prove mutually advantageous to all concerned.

PUBLICATIONS RECEIVED.

- Bank and Public Holidays throughout the World 1926.* By the Guaranty Trust Company of New York.
- Buletinul Institutului Economic Românesc.* October 1925. (Bucharest: Banca Nationala a României.)
- China Stock and Share Handbook.* Compiled and published by C. R. Maguire. (Shanghai: North-China Daily News and Herald Limited. Price, Mex.\$6.)
- Factory Legislation and its Administration 1891-1924.* By H. A. Mess, B.A. (London: P. S. King & Son, Ltd. Price, 12s. 6d. net.)
- Has Poverty Diminished? A Sequel to "Livelihood and Poverty."* By A. L. Bowley, Sc.D., F.B.A., Professor of Statistics, University of London, and Margaret H. Hogg, M.A., Research Assistant at the London School of Economics. (London: P. S. King & Son, Ltd. Price, 10s. 6d. net.)
- Influenza dell' Inflazione Cartacea sulla Distribuzione della Ricchezza in Germania.* Parte seconda. By Costantino Bresciani-Turroni. (Città di Castello: Tipografia dell' "Unione Arti Grafiche.")

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STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average
1920.			1923			1925			1926		
Jan. 16	367.9	296.6	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
May 14	391.2	325.5	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921			May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	June 15	190.0	159.3	Sept. 19	167.9	166.9	" 20	153.9	
Apr. 15	202.8	204.8	July 20	177.3	156.5	Oct. 17	172.5	170.2	" 27	154.1	
July 15	194.4	194.1	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Dec. 4	153.5	
Oct. 14	170.2	180.7	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	" 11	153.5	
Dec. 16	153.2	167.9	Oct. 19	166.0	158.1	1925			" 18	153.0	
Dec. 30	150.0		Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	" 25	153.9	
1922			Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	1926		
Jan. 20	144.0	164.0	1924			Mar. 13	172.8	166.3	Jan. 1	152.3	
May 19	162.1	160.6	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5			
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	158.7	159.0			
Sept. 15	161.2	154.3	Mar. 14	182.1	165.4	June 19	160.6	157.6			
Dec. 15	161.2	155.8									

CHART ILLUSTRATING TABLE I.

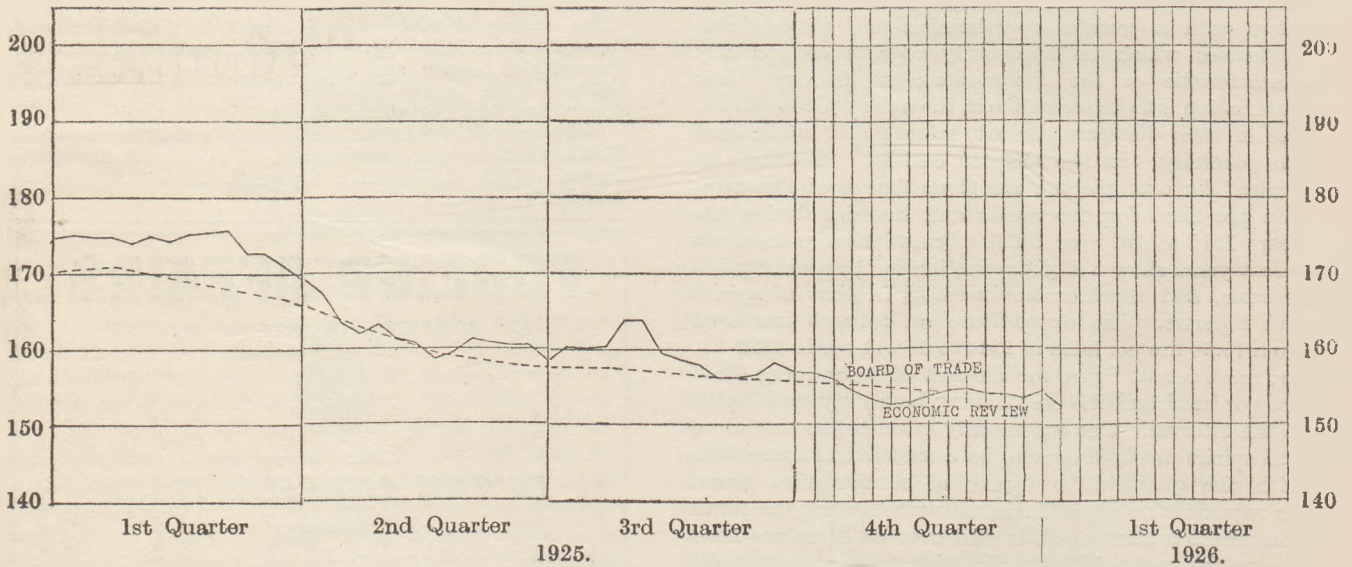


TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
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 ...	71.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
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
1926												1926
Jan. 1 ...	72.6	168.5	57.5	119.3	89.8	111.1	104.3	117.8	99.3	75.3	101.55	... Jan. 1

* Revised Quotation.

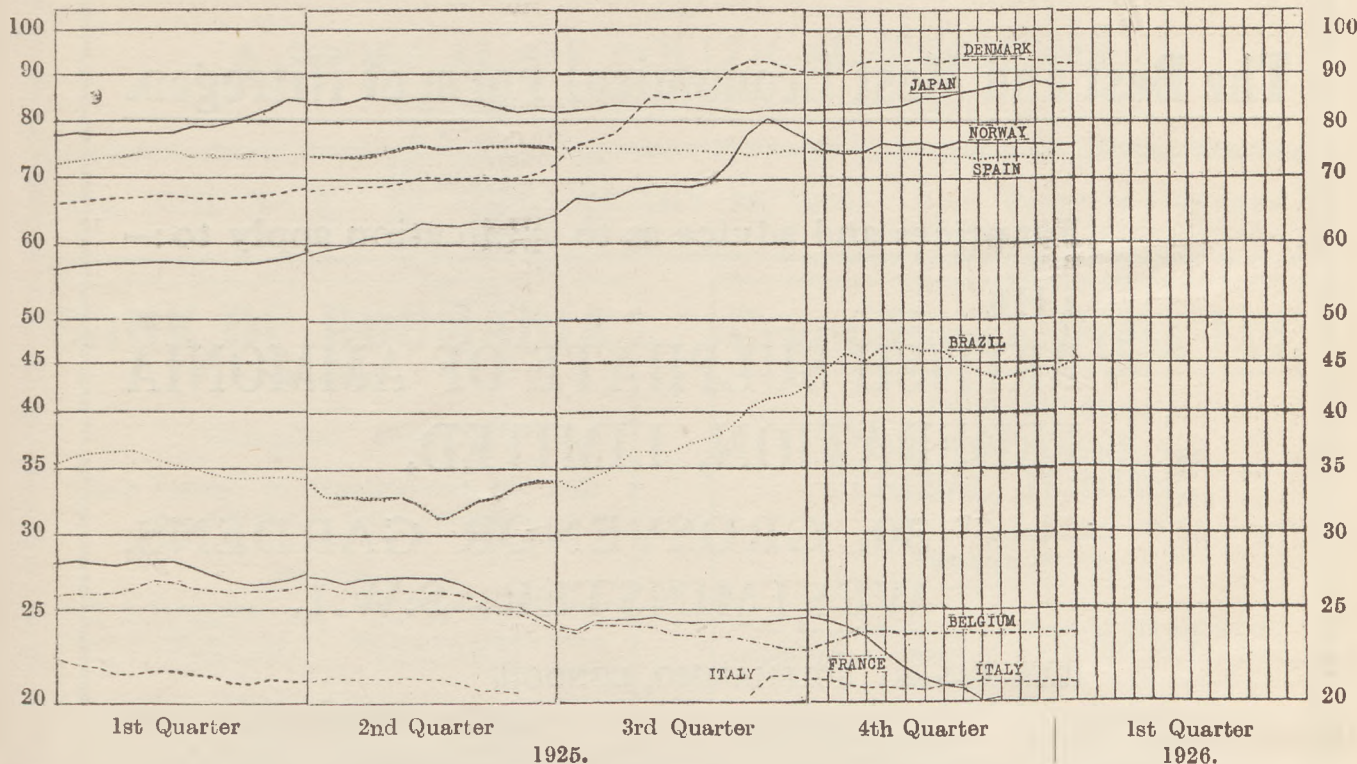
THE PAPER CURRENCIES.

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

Week Ending	Denmark.	Japan.	Norway.	Spain.	Brazil.	Belgium.	Italy.*	France.
Jan. 2 ...	92.3	87.3	75.9	73.3	45.1	23.5	20.9	19.4
Dec. 26 ...	92.7	87.1	75.7	73.4	44.2	23.5	20.9	19.1

*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.

LOGARITHMIC SCALE

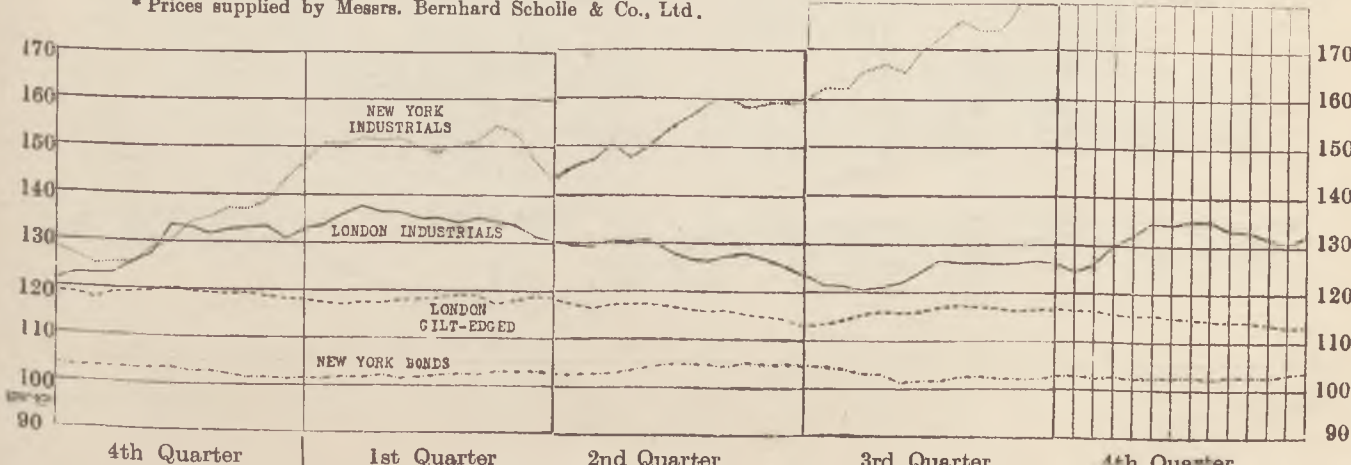


SECURITY PRICES.

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.		IN NEW YORK.			IN LONDON.	
Week ending	Indus-trials.	Bonds.*	Indus-trials.	Gilt edged.	Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7	1924, June 21	115.3	103.3	118.2	118.0
1921, Jan. 1	89.9	89.0	116.3	88.6	Aug. 2	126.9	104.2	119.8	115.6
Aug. 20	<i>80.3</i>	90.4	105.4	93.3	Nov. 8	130.1	103.7	133.7	120.4
Oct. 29	91.1	92.0	<i>91.1</i>	94.4	Dec. 20	143.5	<i>101.3</i>	130.7	118.1
1922, Jan. 1	100.0	100.0	100.0	100.0	1925, Jan. 3	150.7	101.6	133.8	117.5
May 13	114.6	102.4	114.9	117.9	Jan. 17	151.8	101.9	137.8	117.5
Sept. 16	123.8	107.6	115.2	112.5	June 6	158.2	105.3	128.0	115.3
Oct. 7	123.9	106.1	113.3	<i>111.7</i>	June 27	160.0	104.7	123.7	<i>113.0</i>
Oct. 14	127.6	104.4	114.5	112.3	July 18	165.9	103.2	<i>120.4</i>	115.5
Nov. 25	<i>114.4</i>	102.0	115.0	115.4	Aug. 1	165.8	<i>101.5</i>	122.2	115.7
1923, Jan. 1	121.7	102.5	119.5	113.3	Aug. 22	176.2	102.5	126.3	117.3
Mar. 17	129.2	98.5	129.3	117.0	Nov. 7	197.9	102.7	134.1	114.7
Mar. 24	127.3	<i>97.8</i>	129.0	118.1	Nov. 14	192.8	102.9	135.0	114.6
Apr. 28	124.1	99.3	137.9	122.8	Nov. 28	187.2	102.9	133.2	114.0
June 9	119.7	100.8	130.6	123.5	Dec. 19	188.9	103.3	130.6	112.8
Oct. 27	<i>105.7</i>	99.7	126.5	119.7	Dec. 26	193.6	103.7	132.1	113.0
1924, Jan. 1	117.4	98.4	121.3	114.5	1926, Jan. 2	195.5	103.6	133.3	113.0
Jan. 19	119.1	100.1	119.1	<i>112.2</i>					

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



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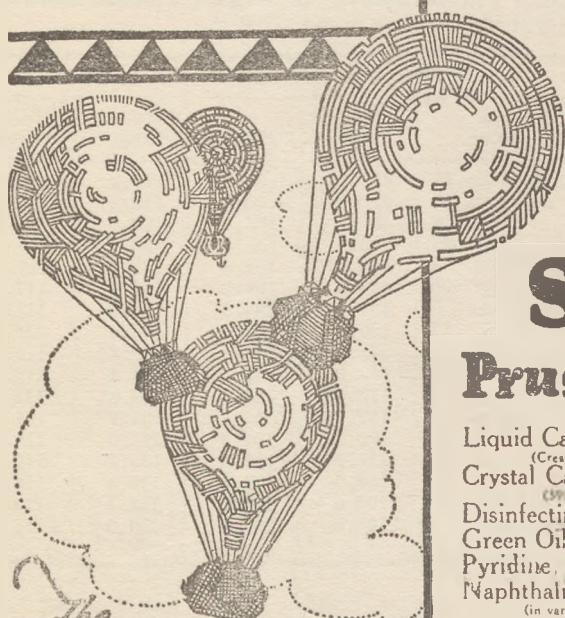
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