

THE ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

[REGISTERED AT THE G.P.O. AS A NEWSPAPER.]

VOL. XIII. No. 3.

JANUARY 15, 1926.

PRICE 1s. WEEKLY

BANK OF ROUMANIA, LIMITED.

(Founded 1866.)

Head Office: 16 Gracechurch St., E.C.

Branch: 11 Calea Victoriei, Bucarest.

DIRECTORS.

F. W. H. BARRY, Esq.
C. DE CERJAT, Esq.
GENERAL THE HON. SIR
H. A. LAWRENCE, K.C.B.

LORD ORANMORE & BROWNE,
K.P. P.C.
LT.-COL. SIR ALBERT STERN,
K.B.E., C.M.G.

Bankers { Bank of England.
Messrs. Glyn, Mills, Currie & Co.

A general Banking Business with Roumania is conducted, and correspondence from those having interests in that country is invited.

Crypt House Press Ltd.

SPECIALISTS IN

BOOK, MAGAZINE and
GENERAL PRINTING.

INQUIRIES INVITED.

Our Representative will be pleased to Call and Submit Specimens on receipt of a Post Card or Telephone Message.

Head Office and Works:
CRYPT HOUSE PRESS,
GLOUCESTER.

'Phone: 734 GLO'STER.

London Office:
6 JOHN STREET, ADELPHI,
W.C. 2.

'Phone: GERRARD 1396.

LEAGUE OF NATIONS International Labour Office

RECENT PUBLICATIONS

EUROPEAN HOUSING PROBLEMS SINCE THE WAR:

Special studies of seventeen countries where the problem is particularly acute, with a complete summary of legislation on the subject and its practical results. The historical evolution of the housing crisis in different countries and its social evils are also dealt with ... 6/-

THE HOUSING SITUATION IN THE UNITED STATES ... 1/-

SAFETY DEVICES FOR WOOD-WORKING MACHINERY:

This report contains valuable information and advice for all concerned with the use of wood-working machinery; copiously illustrated with 70 photographs and diagrams ... 2/-

THE WORKERS' STANDARD OF LIFE IN COUNTRIES WITH DEPRECIATED CURRENCY:

This report sketches in outline the position of workers in Austria, Germany and Poland during the period of depreciated currency. Methods of price and rent control, food subsidies, cost of living bonuses, family allowances, sliding scales, stable value wages, and gold wages are reviewed. The report contains 64 statistical tables.

For complete catalogue of publications apply:

International Labour Office,

London Office: 26, Buckingham Gate, S.W.1

METRON INTERNATIONAL REVIEW OF STATISTICS.

EDITOR AND PROPRIETOR—

DR. CORRADO GINI, Director of the Statistical Institute in the University of Padua (Italy).

EDITORIAL COMMITTEE—

A. Andréadès (Athens), A. E. Bunge (Buenos Aires), F. P. Cantelli (Rome), C. V. L. Charlier (Lund), E. Czuber (Vienna), F. v. Fellner (Budapest), A. Flores de Lemus (Madrid), M. Greenwood (London), G. H. Knibbs (Melbourne), L. March (Paris), A. W. Methorst (La Aja), A. Jullin (Brussels), R. Pearl (Baltimore), H. Westergaard (Copenhagen).

CHIEF OF THE EDITORIAL OFFICE—
PROF. GAETANO PIETRA (Padua).

METRON is published four times a year, the four numbers making a volume of 700 to 800 pages in all.

It accepts original articles on statistical methods and on the application of statistics to the different spheres of activity, and reviews or discussions of results obtained by statistical methods in various fields of science, or such material as may be of interest to the statistician. A bibliography is annexed of all works or reviews presented or received in exchange.

Articles and reviews may be written in English, Italian, French or German. Manuscripts in English, French or German should be typewritten.

Contributors will receive free of charge 25 copies of their publications issued.

The subscription rate for Vol. IV. is 20s. (draft) in Europe and \$5 (draft) in other parts of the world, post free; single copies, 6s. and \$1½ respectively each, post free. For Italy and countries with more unfavourable exchange the subscription rate for Vol. IV. is 54 It. lire, and for single copies 16 It. lire each, post free.

EDITORIAL, SUBSCRIPTION AND ADVERTISING OFFICES—

Metron, Istituto di Statistica,
R. Università, Padua (Italy).

London Agents: P. S. KING & SON, Ltd.,
Orchard House, Westminster, S.W.1.

CONTENTS

ECONOMIC SURVEY

GERMANY	41
Impoverished Germany	
The Share Market at the Close of 1925	
The German Loan in Holland	
Foreign Trade in 1925	
Trade Relations with Turkey	
Foreign Trade Returns for November	
German Coal Imports, January to October	
Pig Iron, Zinc and Copper	
Output of the Rolling Mills in November	
The Cost of Living	
Traffic in the Rhine Ports	
FRANCE	44
The Government and the Socialists	
The Output of Coal in November	
Output of the Coal Mines in the Devastated Territory	
Railway Earnings in November	
Mercantile Marine Returns for November	
HOLLAND	46
The Ministerial Crisis	
Revenue Returns for November	
Foreign Trade Returns for November	
The Mining Industry	
YUGO-SLAVIA	47
Comments on the Budget	
Treasury Intelligence	
Foreign Trade Returns	
Tariff Modifications	
Commercial Relations with the Orient	
Coal Output, January to September	
Critical Situation in the Timber Industry	
Hop, Flax and Hemp Growing	
Port Traffic, First Half-year 1925	
UNITED STATES	50
Money Rates and Business in 1926	
Official Discouragement of Loans to Foreign Countries	

UNITED STATES (continued)

A Freak Currency
Proposed New York Rubber Exchange
The Situation as regards Cotton

CENTRAL AMERICA 53

Mexico.—Service of the National Debt

The Foreign Debt
Estimated Treasury Receipts
New Law for Foreigners
Economic Situation in the Yaqui Valley, 1919 to 1925

Revised Foreign Trade Returns
New Protective Import Duty Imposed
Temporary Free Importation of Fruit Wrapping Paper

Road Construction

Guatemala.—Treasury Receipts, January to June 1925

Road Construction

Export Trade with the United States in 1925

Honduras.—Foreign Trade Intelligence

Salvador.—The Budget for 1925-26 Road Construction

Costa Rica.—The Gold Reserve

Repeal of the Foreign Company Decree

Export Trade, January to September

Panama.—Road Construction

FOREIGN BANK RATES 56

SPECIAL ARTICLES

Economic and Commercial Conditions in Morocco	57
Chilean Government Finances in 1924	58

THE ECONOMIST'S BOOKSHELF

The Question of Poverty	59
--------------------------------	----

STATISTICAL SECTION

The Trade Barometer	60
The Paper Currencies	61
Security Prices	61

THE UNION DISCOUNT COMPANY OF LONDON, LIMITED

Telegrams : "Udisco, Stock, 39, Cornhill, London, E.C.3. Telephone : 514 Avenue London." (3 lines).

Capital Paid-up & Reserve Fund
£2,600,000

Treasury, Bank and Prime Trade Bills Discounted. Money Received on Deposit for Fixed Periods or at Call. Enquiries Invited.

Please use this Form

To "THE ECONOMIC REVIEW"

6, JOHN ST., ADELPHI,
LONDON, W.C.2.

Please send me "THE ECONOMIC REVIEW"

one year (£2 12s. 6d. post free).

for six months (£1 7s. 6d. post free)

NAME

• ADDRESS

DATE

DO YOU WANT TO INCREASE YOUR TRADE?

THE EAST & WEST TRADE DEVELOPER

THE only Commercial Monthly of its kind in the East specially devoted to the promotion and consolidation of the International trade connections. Subscription Rs. 10 or £1.

THE INDIAN DIRECTORY & YEAR BOOK

It contains, besides the addresses of Merchants and Manufacturers in India, very useful facts and figures concerning Indian trade and industry, as also Patent Design and Trade Acts, an up-to-date list of Societies, Associations, Hospitals, Colleges, Schools, Newspapers, Clubs, Physicians, Libraries, and a very interesting account of the NATIVE STATES IN INDIA. The book is illustrated with photos of the Ruling Princes, Talukdars and Merchants. Price Rs. 25 or £2.

THE INDIAN MERCANTILE DIRECTORY

GIVING the Merchants, Manufacturers, Exporters, Importers, Agents and Industrial establishments located everywhere in India, Burma, Ceylon, China, Federated Malay States, Netherlands, Philippines, Siam and Straits Settlements, dealing in each class of goods, and an up-to-date list of Associations, Colleges, Schools, Hospitals, Newspapers, Libraries, and Physicians. Rs. 10 or 15/-.

THE MERCANTILE DIRECTORY OF GERMANY

GIVES an up-to-date list of prominent Manufacturers, Merchants, Exporters, Importers, etc., in Germany, dealing in each class of goods classified under alphabetical trade headings. Price Rs. 10 or 15/-.

THE MERCANTILE DIRECTORY OF JAPAN

THIS publication contains an up-to-date list of Merchants, Manufacturers, Importers, Exporters, Shippers, etc., in Japan, dealing in each class of goods classified under alphabetical trade headings, as also useful facts and figures concerning Japanese trade and industry. Price Rs. 10 or 15/-.

— PUBLISHERS —

The East & West Trade Developer,
RAJKOT, INDIA.

THE ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

Vol. XIII, No. 3.

January 15, 1926

Price 1s. Weekly

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.)

GERMANY

POLITICAL AND GENERAL

Impoverished Germany.—At the time when the Dawes Plan flourished it was proposed that German industry should engage itself to the Entente to the extent of five million gold marks on the plea that all went well with it, and would go yet better. At that time the *Deutsche Allgemeine Zeitung* asked "And who will come to the assistance of German industry afterwards?" In the meantime it has transpired by what means aid has been obtained. Interest has been supplied and drawn bonds paid by means of liquidating capital and depreciating securities at the expense of the preference shareholder. Even for these disreputable manipulations an ostensible justification has been found, "the maintenance of production"! The operation has succeeded, but the patient threatens to die of heart failure.

Production must languish if the only live sap which nourishes it, consumption, is lacking, and in Germany's case, it is precisely home consumption which is essential, and which is absolutely dead. The impoverishment of the German nation is notorious and general and will soon lead to misery, because expenses grow steadily heavier and income smaller.

The plea that Germany lost the war will no longer justify the fact that the administration of the German State costs to-day more than three times as much as before the war. The result of this is simply the endless taxation screw which destroys not only the source of taxation but the possibility of building up new capital, and throttles the power of consumption. This brings with it the extinction of production and all existence dependent on its prosperity or ruin. The direct weight of taxation, where industrial undertakings are concerned, amounts to twenty-three times the pre-war proportion, but the burden of indirect taxation is yet greater. The ever-increasing "social" demands and the fantastic railway tariffs are the greatest hindrance to the uplift of economic well-being, the chief object of the latter being to pour about one milliard of gold marks yearly into the reparations treasury. If this figure is not maintained the Allies will take over the actual administration of the railways.

The above causes, however, are not the only ones contributing to Germany's wretched condition. That which excludes all hope of restoration for her in her misery is the socialistic policy which in defiance of common sense and out of all proportion to the means available is used as a stalking horse between one party and another. It is unjust that one part of the people, the greedy, those who make an outcry, should live in relative comfort at the expense of the patient ones who suffer want in silence. The illusion of the inexhaustibility of the capitalist is doomed to be summarily broken. A people in the terrible position of the Germans has no right to that most foolish acquisition of the revolution—the eight-hour day. The eight-hour day is the secret cancer in Germany's economic

body. The sensible worker knows it, but he is still afraid. There is a gleam of light ahead for Germany when she ceases to fear. To work more and harder than other nations is the beginning of all economic wisdom for Germany, and the needed impetus to the upward grade.

FINANCIAL

The Share Market at the Close of 1925.—In comparison with the end of November the quotation rate, after various vicissitudes, has again somewhat depreciated, although not entirely to the extent of the previous months. The following table shows the position of shares officially quoted on the Berlin exchange during December:—

Gold Parity.		(Previous month).	
Under 50%	410 Shares =	46.4% (46.4%)	of total amount
From 50-75%	245 „ =	27.7% (28.9%)	„
„ 75-100%	142 „ =	16.1% (13.9%)	„
„ 100-150%	76 „ =	8.7% (9.8%)	„
Over 150%	10 „ =	1.1% (1.0%)	„

Total ... 883 Shares 100.0% (100.0%) of total amount

According to this only 9.8 per cent. of all securities stand at and over parity, whereas 90.2 per cent. are quoted under parity (against 89.2) in the previous month. The number under 50 per cent. has not changed. Brewery shares have been well maintained in view of their favourable winding-up for the year, and there has been a strong recovery in shipping shares, in view of the release prospects from the United States. This is equally true of all those shares which can be in any way affected by the sequestration of goods in the United States. Amongst these shares, in addition to the Great shipping shares, are the Alsen Cement, Chemische Heyden, Hemmoor Cement, Orenstein and Koppel, Stöhr Kammgarn, etc. Aniline shares suffered a heavy drop at the start, but recovered slightly at the end of the month. (*Hamburger Fremdenblatt.*)

The German Loan in Holland.—A report from Holland states that the eager interest in German loans has somewhat abated, the demand there having apparently been satisfied. The sums placed in that country are relatively far greater than those taken up in the United States, as, on an average, a seventh or an eighth of all the German loans effected in the United States have been disposed of in Holland and well placed. In relation to the capital at Holland's disposal this is, of course, a far greater percentage than the much larger sum which has found often very dubious accommodation in America. Among German shares recently issued in Holland, the Berlin Municipal Electrical Works Loan has been heavily over-subscribed and The Dresden Municipal Loan has been placed to within a small percentage. A considerable reduction had to be made in the enquiries for the Bremen Loan, and the report of the Frankfort Loan states that it was more than fully subscribed. About 80 per cent. of the Osram Loan has been allotted to Holland, but only 18 per cent. of the Potash Loan, so that the latter has had a great success there. It is to Germany's advantage in seeking loans in Holland and the United States that the new drop

in the franc practically excludes France as a competitor for new loans. (*Deutsche Allgemeine Zeitung*.)

TRADE

Foreign Trade in 1925.—Apart from the surpassing political importance of the Locarno conference and Treaty, where Germany's international position is concerned, her relations with other countries are perhaps most clearly reflected in the trade agreements which in some cases came into force in previous years, but in others only became effective during 1925. In order to arrive at a review of the conditions under which Germany is entering upon 1926 from the point of view of commercial politics and trade agreements, it is therefore necessary to trace the outline of her trade relations with the various foreign powers during 1925.

Where the United States of America are concerned, out of her total exports for the first nine months of 1925 to a value of R.Mk.14,725 mill., according to American statistics, R.Mk.1,422 mill. fell to Germany, which represents 9.7 per cent. of the total trade of the U.S.A. There is, however, unfortunately, a heavy deficit on Germany's side. According to German statistics she imported 1,742 mill. during this period, or more than in the whole of 1924 (1,708 mill.). The imports comprised chiefly raw materials and semi-manufactures, foodstuffs and beverages, and constituted 17.8 per cent. of Germany's total imports. Exports to the United States amounted to only 428.6 million. Germany has therefore imported from the U.S.A. four times as many goods according to value as she could export to them.

Trade between Germany and England was very active during 1925. Exports from Germany amounted to 667.1 mill. during the first nine months of the year as against 611.5 mill. in 1924. Imports from Great Britain also increased though more slowly. From January to September these amounted to 728.7 mill. (826.7 mill. for 1924). Great Britain's share in Germany's total export is 10.5 per cent., export 7.5 per cent., while the corresponding figures for 1924 were 9.3 per cent. and 9.1 per cent. Germany's proportion in Great Britain's exports has increased from 7.6 to 7.9 per cent. in her imports from 2.9 to 3.6 per cent. The position of Germany's export to England is still unsatisfactory as compared with pre-war conditions. In 1913 England exported 876 mill. to Germany while Germany's export to England amounted to 1,438.2 mill. Germany now takes tenth place as importer in British foreign trade as against second place before the war. As receiver of English goods Germany holds fourth place, and as receiver of foreign goods for re-export, first place as against second place before the war. German export to England has shown a severe decrease since the re-imposition of the McKenna duties in July, and it appears that there is little hope of improvement in this direction.

There is a heavy deficit on Germany's side as the result of the year's commercial relations with France. From January to September the German export to France, including Alsace-Lorraine, amounted to 140.52 mill., whereas the import from France was 456.62 mill., so that Germany's deficit amounts to 316.1 mill. No satisfactory trading agreement has yet been arrived at between this country and Germany.

The German-Belgian Trading Agreement, with its "most favoured nation" terms, has brought about a considerable increase in exports in the branches affected. In other directions Germany's trade with Belgium has remained at its old level or even decreased. A continued steady increase in exports to Germany, especially in machines, is to be expected. Electro-technical exports to Belgium have also increased.

Trade with Spain has followed a very fitful course during 1925 owing to the uncertainties of the Trade Agreement negotiations. Although the import of certain Spanish commodities into Germany increased, i.e. 639,500 d.ctr. of wine were imported during the first nine months as against 506,000 d.ctr. in 1913,

imports in other commodities, i.e. ores, fell off. The total imports from Spain from January to September amounted to about 142.2 mill. as against 198.7 in 1913. Exports to Spain, which amounted during the first nine months to about 129.4 mill., should for the whole of 1925 exceed the 1913 figure of 143 mill. It must be noted, however, that the import surplus of 12.8 mill. shows a decrease as against 1924 when an import of 105.7 and an export of 90.3 mill. gave an import surplus of 15.4 mill. When the effect of the expiry of the German Spanish agreement in October 1925 is felt, the figures for 1925 are likely to deteriorate still further, as the terms of the provisional agreement do not afford Germany the same privileges as those of the old one. Great things are hoped from the new agreement to be arrived at early in 1926, in consequence of which it is expected that the exports to Spain will increase to such an extent as to exceed the imports from that country.

Although no final treaty has been arrived at with Portugal trade with that country has greatly increased. Imports from Portugal till September showing a total of 22.9 mill. have almost reached the pre-war figure of 25 mill. As against this, the export figure of 14.2 mill. is far behind the pre-war export of 52 mill. Nevertheless, trade with Portugal for the first nine months shows a credit balance in favour of Germany of 14.2 mill. against 14.9 mill. for 1924. The provisional agreement expiring on January 2, 1926, has been extended for a further three months.

Trade with Italy greatly improved in consequence of the provisional agreement of January 10, 1925, and the final agreement which came into force on December 16, 1925, will still further favour this development. At present, however, German goods in Italy are too dear as compared with other competing foreign goods. If no reductions in price can be effected the privileges secured by the treaty will not fully effect the results aimed at. German exports to Italy amounted up to September 1925 compared with the whole of 1924 to 252 mill. as against 239 mill.; and Italian imports to Germany 379 mill. as against 366 mill.

A trade agreement was arrived at with Russia on October 12, 1925. The exchange of goods with this country has increased, but it is not possible to gain a correct impression of the situation from the official statistics. Germany's trade with the Soviet Republic amounted up to September 1925 to : export, 160.99 (89) million; import, 149.18 (126) mill. Germany's share in Russia's import trade for the first three quarters of 1925 amounted to 15.3 per cent. and in her export trade to 17.9 per cent. as against 21.1 and 16.1 for the whole of 1924. On economic grounds, Germany and Russia are more entirely the complements of one another than almost any other pair of nations. If the Russian Government succeeds in strengthening the buying power of the people, in particular of the peasants, and smoothing the difficulties that at present hinder the exchange of goods, a further development of economic relations should be feasible.

There was a very extensive trade with Poland in the first half of 1925. During this period the figures as compared with the whole of 1924 were as follows : export, 277.8 (395.6) mill.; import, 291.4 (457.4) mill. Germany held the first place both as customer and supplier of Poland. This happy state of things was brought to a standstill by the trade dispute between Germany and Poland. Germany is only too willing to resume relations with Poland if she will make certain concessions for German export, and it is hoped that the negotiations which have recently been resumed will lead to this result.

Among the remaining countries, negotiations are being carried on with Austria for the mutual reduction of duties, in view of encouraging the increasing trade with that country. Czechoslovakia takes from 5 to 6 per cent. of German exports and Germany's share of imports represents 4 to 5 per cent. of Czechoslovakia's foreign trade. Trade with Hungary shows a tendency

to increase, with a prospect of further improvement. Trading conditions with Holland, Switzerland and Scandinavia are also favourable. It is hoped that a "most favoured nation" agreement will shortly be arrived at with Finland. The latter country is anxious to secure Germany as a customer for cellulose manufactures.

In spite of great difficulties, Germany has succeeded during the past year in making further progress toward regaining the position lost during the war, and although there is no prospect of securing a large credit balance in foreign trade, an unmistakable improvement has shown itself during the last few months, the promotion of which by all possible means will constitute the task of German economic and trade policy for the coming year. (*Hamburger Fremdenblatt.*)

Trade Relations with Turkey.—It was only possible to develop regular trade relations between Germany and Turkey after the close of the Asia Minor war at the beginning of 1924. Turkish exports to Germany, which chiefly consist of tobacco, raisins and other agricultural products, opium, tanning materials and the greatest variety of raw materials, amounted to about 60 mill. in 1924, as against an export from Germany to Turkey of 50 mill., which comprised industrial products of the most varied kinds. During the first nine months of 1925 imports from Turkey amounted to Mk.52½ mill. (= 0.51 per cent. of total imports) and the exports amounted to 47 mill. (= 0.74 per cent. of the total exports). According to this, trade has increased this year not inconsiderably. It is not possible to compare these with pre-war figures, as Turkey has lost wide territories in the war.

Turkey enjoys "most favoured nation" conditions in Germany and gives Germany the benefit of preference duties, which she conceded to the Entente States in the Lausanne Peace Treaty. These duties affect luxury articles, in the export of which Germany is less interested. The two countries have recently agreed to grant one another mutual preference and Turkey has conceded to Germany a reduced duty on sultanas. Negotiations are on foot for a final trade agreement with Turkey, which will be continued in January 1926. Turkey wants a reduced tariff for knotted wool carpets, and Germany is asking for reduction of Turkish duties. In view of the friendly relations between these powers there is no doubt that an early agreement will be arrived at. (*Deutsche Allgemeine Zeitung.*)

Foreign Trade Returns for November.—A remarkable equalisation has occurred during November 1925 between German imports and exports, the deficit total of R.Mk.65.7 mill. (exclusive of gold and silver) showing a notable improvement as compared with all previous months. This fact, however, as shown by the following figures, does not provide grounds for great rejoicing. The chief factor was supplied by a heavy decrease in imports, which was mainly due to the season and the alterations in duties. Exports leave much to be desired, and it is particularly disquieting to note the downward tendency in the export of finished products. The following table shows details of the last two months' figures in million of Reichsmarks (a, pre-war; b, present values):—

<i>Imports.</i>				October.	November
Foodstuffs and beverages	...	...		<i>a</i> 256.10	179.20
				<i>b</i> 355.70	250.89
Raw materials and semi manufactures				<i>a</i> 376.72	354.10
				<i>b</i> 506.71	465.88
Finished products	...	...		<i>a</i> 143.06	100.10
				<i>b</i> 201.98	132.61
Gold and Silver	...	...		<i>a</i> 42.92	36.56
				<i>b</i> 44.76	37.79
<i>Exports.</i>				October.	November
Foodstuffs and beverages	...	...		<i>a</i> 36.38	43.53
				<i>b</i> 43.53	50.81
Raw materials and semi-manufactures				<i>a</i> 131.88	141.29
				<i>b</i> 155.54	167.10
Finished products	...	...		<i>a</i> 456.66	402.22
				<i>b</i> 646.30	571.62
Gold and Silver	...	...		<i>a</i> 4.76	4.84
				<i>b</i> 4.95	5.12

The import of foodstuffs shows a decrease of 104.8 mill., whereas the export has increased by 7.3 mill. Similarly the import of raw materials shows a drop of 40.9 mill. against an increase of 11.6 mill. in the export. The heaviest decreases occurred in both import and export of finished products, the import having dropped 69.3 mill. and the export 73.6 mill. The largest proportion of the latter decrease falls to textiles (28.8 mill.). Rolling mills products and iron goods fell 7 mill. and machines 11.6 mill. Other goods experiencing decreases were: furs and fur goods, colours, varnish and other chemical and pharmaceutical products, electro-technical products, water craft and children's toys. (*Deutsche Allgemeine Zeitung.*)

German Coal Imports, January to October.—The countries which have received import permits from Germany and supply her regularly with fuel products on the basis of the quota agreement include England, Holland, Lorraine, Czechoslovakia and Belgium, to which must be added the Saar District, which is not subject, where Germany is concerned, to full import duty. In addition to these, according to the Geneva Agreement, 500,000 tons of coal monthly were imported duty free into Germany from Polish Upper Silesia up till June 15, 1925. From that date the further import has been suspended owing to the duty dispute with Poland, which is not yet settled. The total German coal imports from January to October 1925, according to official announcements, amount to 6,554,900 tons, coke imports, 72,200 tons, and lignite, 2,066,100 tons. These quantities are distributed among the exporting countries as follows (in 1,000 tons):—

		Hard Coal.	Coke.	Lignite.
England	...	2,525.1	51.7	—
Polish Upper Silesia	...	2,741.7	19.8	—
Saar	...	898.1	—	—
Holland	...	168.6	0.7	4.2
Czechoslovakia	...	100.4	—	2,061.9
Lorraine	...	112.9	—	—
Belgium	...	8.1	—	—

(*Frankfurter Zeitung.*)

INDUSTRY

Pig Iron, Zinc and Copper.—A Düsseldorf report states that the despatch of pig iron during December was very poor. Foundries and other consumers show the greatest caution and avoid putting into reserve even a few tons beyond the actual consumption. In consequence the despatch figures of the Unions, and with them the consignments to the blast furnaces, are continually falling. As the orders to hand at present do not indicate any improvement for January business, further shutting down of individual blast furnaces is expected at the beginning of the month. About 10 per cent. of the blast furnaces at present working are likely to be affected. The competition of the South-western ex-German blast furnaces is beginning to grow yet more keen, so that the German pig iron union, in order not to be completely pushed out of that district, will be

The Czechoslovak Market

A Monthly Review

Published on the 1st of
Every Month.

Publishing Offices: 25, Havlickovo nam. Prague II.

Annual Subscription, including postage, 10/-.
Advertisement Rates on application.

obliged to make further price concessions. (*Frankfurter Zeitung*.)

The Rhenish Westphalian Zinc Dealers' Union increased as from December 21 the price of sheet zinc by M.1.50 per d.ctr., so that the price is now Mk.103.50 per d.ctr. free station and Mk.104.50 free to consumers' destination. (*Frankfurter Zeitung*.)

The prices for copper sheet, together with copper wire and copper rods have experienced a decrease of R.Mk.2 per 100 kg. Copper wire and copper rods cost to-day R.Mk.173 against R.Mk.175 hitherto; copper sheet costs R.Mk.283 against a former R.Mk.285 per 100 kg. (*Hamburger Fremdenblatt*.)

Output of the Rolling Mills in November.—The production of the German rolling mills has shown a downward tendency since June last and the lowest result for 1925 was reached in November, with 708,961 tons. The decrease represents about 8 per cent. as compared with the previous month, and 28 per cent. as against the maximum output in January 1925.

During the eleven months of 1925, however, the output during the corresponding period of 1924 was exceeded by 31 per cent.

	Nov. 1925.	Oct. 1925.	Jan.-Nov.1925.
	Tons.	Tons.	Tons.
Semi-manufactures ...	67,424	73,836	891,243
Railway construction material ...	132,159	124,285	1,342,576
Girders	36,446	40,342	644,776
Bar iron ...	185,635	215,378	2,663,981
Hoop iron ...	23,617	22,179	368,480
Rolled wire ...	82,682	84,577	992,625
Coarse sheet 5 mm. and over	38,142	53,947	790,230
Medium sheet 3 to 5 mm.	11,607	14,829	163,167
Fine sheet under 3 mm.	23,892	24,708	305,218
Fine sheet over 0.32 mm. to 1 mm. inch ...	30,554	27,021	344,583
Fine sheet up to 0.32 mm. inclusive ...	2,663	3,541	30,983
Tinplate ...	5,995	7,919	86,445
Tubes ...	45,691	55,387	600,045
Railway-rolling stock ...	6,632	6,859	112,096
Wrought iron ...	12,629	14,107	170,020
Other finished products ...	3,193	4,213	56,658
Total ...	708,961	773,128	9,563,126

(*Frankfurter Zeitung*.)

SOCIAL AND LABOUR CONDITIONS

The Cost of Living.—Prices remained at about the same level during the month of December with the exception of the grain market, which was subject to great variations. The erratic movements in Chicago were followed but slowly by the European market, and even now, under firm conditions, great caution is being observed. The rubber market was also unsteady, as America's entry into the rubber question lessened the demand for the English raw article and brought about general weakening. With these two exceptions no serious alterations occurred. The total index figure for 100 goods, wholesale, has fallen from 144.12 to 143.01, a decrease of 0.8 per cent. Of the 100 goods under examination 41 have altered, 14 being higher and 27 lower than last month. The following table shows the development in the individual groups (July 1914 = 100):—

	Jan. 29, 1925.	Nov. 30, 1925.	Dec. 30, 1925.
Food and delicacies ...	148.04	140.45	140.20
Textiles and leather ...	187.12	180.89	176.12
Minerals ...	141.26	136.85	136.07
Various ...	130.21	132.76	132.89
Industrial finished products	141.87	142.37	141.07
Total index of 100 goods ...	147.14	144.12	143.01

Group I. (food and delicacies), in spite of the total change of only 0.2 per cent., shows the greatest variation. Seven prices of commodities have risen, including wheat, maize, wheaten and rye flour, and eggs; nine have fallen, comprising the other species of grain, fat, butter and sugar.

In Group II. (textiles and leather) rubber, as stated above, has fallen considerably, also jute, cotton and wool, and their products have dropped. The only article

which has risen is silk, the market for which has become firmer owing to American interest. The number of price alterations in this group is 7, and the total index figure, showing a drop of 2.6 per cent., represents the greatest decrease.

In Group III. (minerals) a small decrease of 0.6 per cent. represents the slight drop in metal prices with the exception of aluminium, which against 5 decreases is the only metal that has risen slightly. It should be noted that the bar iron price has been taken on the Oberhausen basis of Mk.135, whereas the price for South Germany is fixed on the Türkismühle basis, Mk.125 (f.o.b. Mannheim, Mk.127).

In Group IV (various) 4 prices rose a little and 2 fell. Manure prices have risen 2 pfennig since December and hard coal tar oil is a little dearer; on the contrary, industrial and house coal are both cheaper.

In Group V. (industrial finished products) there is very little sign of the reduction of prices, five articles (including motors, cotton and woollen goods), which had dropped, showing rises in price. The group index has dropped 0.9 per cent.

The comparison of ten wholesale and retail food prices shows a decrease of 1 per cent. each. (*Frankfurter Zeitung*.)

Traffic in the Rhine Ports.—The past ten years' development of traffic in the Rhenish ports is indicated in the following table. Traffic in the ports mentioned amounted in 1913 to about 62,000,000 tons, moved round about 50 per cent. during the war, and dropped to 30 per cent. in 1919. During the years 1920 to 1924 traffic was maintained at about one-half to two-thirds of the pre-war level. In 1923, during the passive resistance period, it sank to 15.8 mill. tons. During the first nine months of 1925 the total turnover of the ports was about 37½ mill. tons against 48.3 mill. tons in the same period in 1913.

	1913.	1916.	1919.	1921.	1923.	1924.
Strassburg	1,988	767	1,055	344	1,627	2,374
Kehl ...	510	781	282	124	207	1,291
Karlsruhe	1,478	1,377	959	317	90	508
Mannheim	7,394	5,159	4,804	5,003	1,172	6,554
Ludwig-						
schafen	2,873	1,791	1,454	1,078	—	1,613
Worms ...	539	514	294	309	314	320
Gustarsburg	1,127	776	1,172	882	—	436
Mainz ...	1,810	1,090	990	754	824	591
Wesseling	699	1,086	1,220	1,542	1,014	1,420
Cologne	1,984	773	962	954	2,319	1,339
Neuss ...	815	375	510	305	454	528
Dusseldorf	1,567	469	536	402	879	552
Rheinhausen	1,987	525	304	800	295	1,070
Duisburg...	28,913	10,381	6,474	10,865	3,980	18,368
Rheingochen	7,859	3,787	1,597	3,372	2,469	7,204
Wesel ...	500	378	182	335	175	—
	62,047	30,229	22,735	28,286	15,819	44,228

(*Frankfurter Zeitung*.)

FRANCE

POLITICAL AND GENERAL

The Government and the Socialists.—On the eve of the re-assembling of Parliament the Congress of the Socialist Party signified its readiness to take its share in the Government of the country with the other sections of the Cartel des Gauches subject to its being allocated a majority of seats in the Cabinet, with the choice of portfolio. The decision was come to by a substantial majority—1,766 in favour of the proposal, 1,331 against and 16 abstentions—but only on the understanding that in any event the Socialist Party would insist on imposing its own policy on the Cabinet, though failing the realisation of these new-born hopes it would be prepared to extend its support to any combination that was resolved to break the resistance of the financiers, the employers and the Senate. This new departure notwithstanding, there has apparently been no mitigation of the open hostility which has characterised the relations between the Socialist Party and the other two groups of the Cartel since the fall of the

Herriot Administration, and the very first sitting of the Finance Committee of the Chamber this week afforded evidence in plenty that the Socialists are as determined as ever to defeat the financial proposals of M. Doumer and to overthrow the Briand Government. The Socialists and Socialist Radicals, who control a large majority on the Committee, proceeded to cut out of the Government Bill that portion of it which provides for the establishment of a Sinking Fund and for the repayment of advances made by the Bank of France to the Treasury. This, if accepted by the Minister of Finance, would reduce the Fr.8,800 millions of revenue provided for in the Bill by close on Fr.5 milliard. They then proceeded by 22 votes to 4 to exclude from the revenue allocated in the Bill for the purpose of balancing the Budget for 1926 the additional revenue amounting to Fr.3,000 million provided for in M. Loucheur's Bill, duly passed into law last month. In the event, as seems most probable, that M. Doumer will refuse to fall in with the views of the Committee, the Government will be faced with the alternative scheme prepared by the Socialist and Socialist Radical Parties, which includes a levy on capital. It is generally thought that another ministerial crisis is imminent, which may involve the fall of the Briand Government.

INDUSTRY

The Output of Coal in November.—The output of coal in November reached a total of 4,078,710 tons for 25 working days as against 4,277,819 tons for 27 working days in October. The daily output, too, shows a substantial improvement on the results obtained in the previous months. The following data indicate the progress achieved:—

	Average daily output in tons.	Number of hands employed.
1913	136,147	203,208
January 1923	121,064	242,566
January 1924	144,680	286,804
January 1925	160,445	311,991
September 1925	155,795	303,655
October 1925	158,438	305,318
November 1925	163,148	309,330

The following table shows the total output of the coal mines for the first eleven months of the year as compared with the corresponding months of 1924 (in tons):—

	1925.	1924.
January	4,171,595	3,761,687
February	3,809,406	3,648,378
March	4,143,252	3,772,734
April	3,919,021	3,640,797
May	3,828,724	3,692,800
June	3,876,299	3,496,496
July	3,927,846	3,784,079
August	3,864,812	3,691,142
September	4,050,667	3,837,378
October	4,277,819	4,103,516
November... ..	4,078,710	3,674,725
Total	43,948,151	41,104,232

In the coalfield of the Nord and Pas-de-Calais the daily output in November was 99,077 tons, or 7,780 tons in excess of the 1913 output.

In the midlands and the south the average daily output of 46,200 tons is 1,350 tons in excess of the figures for 1913.

Within the confines of pre-war France, therefore, the average daily output was 145,277 tons, or 9,130 tons over and above the pre-war production.

The coal mines of Lorraine contributed an additional 17,871 tons per working day.

The output of metallurgical coke from the coke ovens belonging to the French coal mines amounted in November to 270,342 tons, or 25,000 tons in excess of the monthly average for 1913. (*Le Temps*.)

Output of the Coal Mines in the Devastated Territory.

—The net output of the coal mines in the Nord and the Pas-de-Calais in November included 2,476,934 tons of coal, 191,347 tons of briquettes and 202,344 tons of coke, made up as follows:—

District.	Group.	Coal.	Briquettes.	Coke.
Arras ...	Mines in West ...	935,895	21,439	54,309
Arras ...	Pas-de-Calais ...	908,110	34,787	67,052
Douai ...	Nord ...	632,929	135,121	80,983
Total ...		2,476,934	191,347	202,344

As compared with October there was a decrease of 124,945 tons in the output of coal, one of 29,496 tons in the production of briquettes and one of 5,559 tons in that of coke. There were, however, only 24 working days in November as against 27 in October. The daily output of coal works out at 103,208.5 tons as against 96,365 tons in October, 93,894 tons for 26 working days in September, 93,673 tons for 25 working days in August, 94,502 tons for 26 working days in July, 93,981 tons for 25 working days in June, 95,005 tons for 24 working days in May, 93,638 tons for 25 working days in April, 94,094 tons for 26 working days in March, 92,625 tons for 24 working days in February and 92,855 tons for 26 working days in January. The November daily output, too, was 11,910 tons higher than the pre-war daily average. As compared with the pre-war daily output that for November represents for the mines in the west of the Arras District 134 per cent., for the devastated mines in the Pas-de-Calais 95 per cent., for the devastated mines in the Nord 116 per cent., for the whole of the devastated mines 103 per cent., and for the whole of the mines in the Nord and the Pas-de-Calais 113 per cent. For the first eleven months of the year the output aggregates 26,279,014 tons. (*Nord Industriel*.)

COMMUNICATIONS

Railway Earnings in November.—The earnings of the seven great railway systems from October 29 to December 2 reached a total of Fr.944,286,000 as compared with Fr.840,683,000 in the corresponding period of 1924. The following statement shows the respective earnings of each system for the period in question as compared with the corresponding figures for last year:—

	1925.	1924.	Increase.
State Railways ...	137,748,000	123,814,000	13,934,000
Paris-Lyon-Méditerranée ...	266,430,000	229,740,000	36,690,000
Nord ...	161,590,000	142,349,000	19,241,000
Orléans ...	123,306,000	106,018,000	17,288,000
Est ...	126,719,000	122,770,000	3,949,000
Midi ...	57,000,000	50,389,000	6,691,000
Alsace and Lorraine ...	71,493,000	65,603,000	5,890,000
Total ...	944,286,000	840,683,000	103,683,000

This return brings the revenue for the State Railways from January 1 to December 2 up to Fr.1,314,484,000 (as against Fr.1,174,218,000 in the corresponding period of 1924), that for the Paris-Lyon-Méditerranée up to Fr.2,489,930,000 (Fr.2,174,290,000), for the Nord up to Fr.1,431,040,000 (Fr.1,300,986,000), for the Orléans up to Fr.1,193,341,000 (Fr.1,067,930,000), for the Est up to Fr.1,230,833,000 (Fr.1,148,132,000), for the Midi up to Fr.562,112,000 (Fr.494,243,000), and that for the Alsace and Lorraine lines up to Fr.727,928,000 (Fr.676,506,000)—making a grand total of Fr.8,949,668,000 as against Fr.8,033,305,000, or an increase of Fr.916,363,000. (*Economiste Français*.)

Mercantile Marine Returns for November.—The tonnage of all goods landed at French ports in November amounted to 2,632,400 tons including 1,047,200 tons of coal, while the tonnage of shipments aggregated 837,800 tons including 175,600 tons of coastal trade. The goods carried by rail into the interior from the various seaports aggregated 1,314,700 tons and by inland navigation 460,900 tons, while the goods in bond and warehouse amounted to 720,600 tons and in the yards to 184,600 tons, 419,300 tons of which consisted of coal. The number of vessels entered at the various ports was 3,669. There were 196 vessels laid up in French ports, including 53 at Nantes, 51 at Marseilles, 20 at Dunkirk, 16 at Bordeaux, 14 at Le Havre, 9 at La Rochelle, 7 at Saint-Malo, 6 at Rouen, 6 at Cherbourg, 2 at Saint-Nazaire, 2 at Cette, 1 at

Dieppe, and 9 at other ports. The above return does not include the data for the Port of Strasburg, which are as follows: Goods landed, 174,500 tons including 110,700 tons of coal; shipments, 77,500 tons; goods carried by rail into the interior, 94,600 tons, and by inland navigation, 29,500 tons; number of vessels entered, 324. The average monthly tonnage of all goods landed at French seaports in the fourth quarter of 1924 was 2,990,300 tons, and at Strasburg 106,300 tons. (*Journal de la Marine Marchande.*)

HOLLAND

POLITICAL AND GENERAL

The Ministerial Crisis.—The Ministerial crisis which has reduced Parliamentary activities to a deadlock since as far back as November 11 offers no more prospect of a satisfactory solution now than it did when Dr. de Visser, who is still persevering with his task, first undertook to attempt a restoration of the tripartite combination of the Right broken up by the uncompromising attitude of the Christian Historical Party over the Vatican Embassy question. According to the *Gazette de Hollande*, efforts are now being made to induce Mgr. Nolens, the Catholic leader, to form a Cabinet on the basis of a working arrangement with the Labour Party. In view, however of his disinclination to undertake the responsibilities of office, and of the sharp divergence of opinion existing between the Catholic and Socialist Parties our contemporary is satisfied that the time is not yet ripe for any such combination. Meanwhile the Colijn Government continues to carry on the business of the country pending the formation of a new Cabinet, but legislation is at a standstill. The formation of a purely Business Government, however distasteful to the political parties, may yet become a necessity, in view of the financial dispositions to be taken to meet the expenses of government.

FINANCE

Revenue Returns for November.—The revenue from ordinary sources for November reached a total of Fl.43.7 million, or Fl.8.9 million in excess of the estimate and Fl.2.5 million above the figures for the corresponding month of 1924. For the first eleven months of the year the total is Fl.425 million, or Fl.41.9 million in the excess of the estimate and Fl.19.6 million more than in the corresponding period of 1924.

According to the monthly Review of the Rotterdamsche Bankvereeniging, the following savings have been made on the Budget for 1926. The sum total of the ordinary expenditure for 1926 is estimated at Fl.583 million as against Fl.598.6 million for 1925, or Fl.15.6 million less. If it is taken into account that in the Budget for 1926 the expenses for the Government coal mines amounting to Fl.44.8 million are omitted, it becomes evident that the ordinary expenditure for 1926 is Fl.29.2 million more than in 1925. In the Budget for 1926 the following necessary expenses appear which are not found in the Budget for 1925: Social insurance, about Fl.24 mill.; Higher charges for pensions, about Fl.6 mill.; Higher contributions for the building of dwelling-houses, about Fl.5.1 mill.—total, Fl.35.1 million. Owing to an improved method of book-keeping, part of the expenditure formerly considered extraordinary is now treated as ordinary, thus adding a further amount of Fl.4.5 million to the Ordinary Budget, so that Fl.39.5 million must be considered as new expenditure. As all ordinary expenditure has only risen by Fl.29.2 million, it follows that all the rest was diminished by about Fl.10.3 million; or, if the Fl.3.4 million by which the charges arising from the National Debt service were reduced, is not taken into account, by about Fl.7 million. Since 1922 the expenditure in which economy could be practised has actually been diminished by about Fl.103 million, which in the opinion of the Minister of Finance is a considerable amount, and also refutes the idea that the balancing of the Budget was only brought about by raising the taxes.

TRADE

Foreign Trade Returns for November.—The foreign trade returns for November, exclusive of gold and silver specie and bullion, show imports to the amount of 2,204,041 tons of a value of Fl.199,146,000 and exports to the amount of 1,177,800 tons of a value of Fl.148,462,000. The adverse trade balance, therefore, was Fl.50,684,000 as compared with Fl.91,607,000 in October. In September, however, it was as low as Fl.16,762,000 and in August Fl.18,324,000; but these were record months, the average for the first seven months of the year being slightly over Fl.58 million. As compared with the corresponding month of 1924 the November imports show an increase in volume of 19,089 tons but a decrease in value of Fl.18,480,000, while exports have increased in volume to the extent of 52,450 tons coincident with a fall in value of Fl.10,873,000. The subjoined table gives an analysis of the returns according to the following classification of goods: (a) Live stock; (b) Foodstuffs for man and beast and beverages—(i) raw materials and semi-manufactured goods, (ii) manufactured goods; (c) Raw materials and semi-manufactured goods—(i) of animal origin, (ii) of vegetable origin, (iii) of mineral origin; (d) Manufactured goods; (e) Other goods; (f) Gold and silver specie and bullion:—

	Imports.		Exports.	
	Tons.	Fl.(1,000).	Tons.	Fl.(1,000).
(a) ...	1,198	437	1,334	1,000
(b) i	242,969	41,811	116,535	28,919
ii	84,355	12,261	127,696	38,301
(c) i	9,401	8,524	4,934	3,292
ii	329,078	44,932	191,629	14,170
iii	1,172,423	23,810	572,223	8,355
(d) ...	362,718	66,853	157,340	51,715
(e) ...	1,898	519	6,109	2,711
	2,204,041	199,146	1,177,800	148,462
(f) ...	17	22,978	1	29,270
Total	2,204,058	222,124	1,177,801	148,492

As pointed out in our issue of December 11, the returns both in respect of volume and value, from the Rotterdam Custom house fell in arrears in July, and were even to a greater extent so in August and September, but have since been overcome. This is the explanation given of the low adverse trade balance recorded in August and September, and the sudden and inordinate jump in the adverse trade balance for October. With November the returns have again become normal, with the result that the adverse trade balance for this month, viz. 50,684,000, approximates closely to the average for the first eleven months of the year. As pointed out in *In- en Uitvoer*, the value of the imports in November was Fl.19 million below that of the corresponding month of 1924 though Fl.2 million above the average for that year, while it was also Fl.6 million below the average to date for 1925. The value of the exports, on the other hand, though Fl.11 million below that of the corresponding month of 1924 and Fl.3 million below the average to date for 1925, was Fl.10 million above the average for 1924. When the returns of exports to the six leading countries come to be published, it will be possible to see whether and to what extent the new German tariff has affected this trade. With regard to the trade in manufactured goods November shows a decrease of Fl.5 million as compared with the corresponding month of 1924 in respect of imports, and one of Fl.2 million as regards exports. For the first eleven months of the year manufactured goods show an increase in imports of Fl.28 million (foodstuffs and beverages—Fl.11 mill., other goods + Fl.39 million), while exports show an increase of Fl.101 million, only Fl.12 million of which was attributable to foodstuffs and beverages. Taken as a whole, though the November returns are not as favourable as those for the other months of the year, they do not make a bad show, considering the change for the worse in the economic situation in Germany, where purchasing power has diminished along with confidence in the trade outlook.

YUGO-SLAVIA

FINANCE

Comments on the Budget.—According to the Yugo-Slav Constitution the Minister of Finance is obliged to submit to the National Assembly not later than November 20 the Budget proposals for the ensuing financial year, which begins on April 1. Up to the present, writes Dr. Ivo Belin, secretary of the Stock Exchange in the *Zagreber Tagblatt*, the estimates for the financial year 1926-27 have not been submitted in detail to the National Assembly. It is therefore impossible to criticise the Budget at all minutely. The figures already published are sufficient, however, to give rise to a certain anxiety in economic circles. The National expenditure for the coming financial year is estimated at 12,900 mill. dinars. Revenue is estimated at a similar amount, so that on paper at least the Budget is balanced.

In the financial year 1925-26 there was no Budget; the Government contented itself with budgetary "twelfths." The Budget for 1924-25 attained the figure of 10,450 mill. dinars; the Budget for the next financial year is therefore approximately 2.5 milliards higher than in 1924-25. This represents an increase of 23 per cent. If the two Budgets are valued at the gold dinar rates prevailing on November 20 of the respective years, the Budget for 1926-27 represents a sum 78 per cent. higher than the former budget. The question naturally arises concerning the ability of national economy to bear 80 per cent. more in real values during the coming year than was imposed in the past financial year.

Anyone slightly acquainted with Yugo-Slav conditions will admit that the situation during the two past years has become worse, and that it is questionable whether the country will be able to bear this increased burden. The country is in a serious economic crisis. Many undertakings that were able to meet the tributary demands two years ago have either ceased all activities or are now unable to pay the necessary taxes except with extreme difficulty. Two years ago home agriculture was in a fairly flourishing condition. To-day it is on the verge, or even at the commencement of a very serious agrarian crisis. That agriculture will be in a position to meet the tributary burden imposed upon it may now be well doubted. In the time of a general economic crisis indirect taxes, upon which the Yugo-Slav tributary system is chiefly built up, yield receipts far below the estimated amounts. It is to be feared that a mistake has been made in this direction. The expenditure for the coming year, as mentioned above, is 2.5 milliards greater than in 1924-25, although no fresh taxes have been introduced. The Ministry of Finance appears to hold the belief that the natural increase in the receipts from the existing taxes will be sufficient to meet this additional 2.5 milliards. The actual expenditure for the coming year may prove to exceed the estimated amount of approximately 13 milliards; it is far less certain that the revenue will equal expectations. In short, it will be extremely difficult to realise a budgetary equilibrium in reality. It is generally known that the last Budget was not actually balanced, but that there was a certain deficit. Although no resort was made to the printing press to cover this deficit the State was frequently compelled to postpone payment for deliveries. There are some concerns to which the State still owes a hundred or more millions of dinars. If it was not possible to establish the equilibrium of the 1924-25 Budget, which was 2.5 milliards lower than that of the coming year, it is still less probable that the next Budget will be balanced. A few categories of taxes may show increases during the coming year; the import duties, for example, may yield more if imports are not too severely affected by the economic crisis. Most taxes, however, will in all probability yield less, on account of the present less favourable situation of the taxpayers.

Whatever slight increase is attained in one direction will be more than swallowed up by the unsatisfactory yield of other taxes, especially those which have had or will have to be repealed in order to ease the economic situation of the country.

For three years the policy of deflation has been followed, and the Government is still pursuing its endeavours to strengthen the dinar. It has been able to raise the rate of the dinar exchange by 40 per cent.; but the purchasing power of the dinar has not altered to any extent. The best proof of that lies in the fact that although national economies in various directions have been announced the Government yet requires an additional 2.5 milliards to meet current expenditure. It is customary for most States to prepare two budgets; one for ordinary and the other for extraordinary expenditure. Capital investments are included in the extraordinary budgets, the amounts usually being covered by ordinary loans. In Yugo-Slavia, on the other hand, the attempt is invariably made to cover items of capital investment, however big they may be, by the yield of ordinary revenue. That is the cardinal fault of the Yugo-Slav Budget and of the national finances. The large number of unnecessary State employees and the heavy amounts for investments account for a good portion of the ordinary receipts. It is essential that the investment items be separated from the ordinary account and that they in no way exceed the amount of money available for the special purpose. The necessity of the investments is undisputed; the money needed should be raised by foreign loans, which at whatever rate of interest are not unsatisfactory for this purpose. In no case should the ordinary budget be burdened with these items.

The total expenditure of the quarterly budget for the period January-March 1926 amounts to 4,085 mill. dinars, which brings the total expenditure for the financial year ending March 31 next to 12,251 mill. dinars, or over 1,800 millions more than the year 1924-25. The increase in expenditure is chiefly the result of the requirements for the construction of railways, highroads, hospitals and schools. There is also a considerable increase in the sum for the wages and salaries of State employees.

Treasury Intelligence.—The *Journal Officiel* publishes the following figures of the yield of the consumption tax on various articles during the month of October last and also for the period April to October of the present financial year (in millions of dinars):—

	October 1924.	October 1925.	April to October 1924-25.	1925-26.
Consumption tax on				
Sugar	51.5	27.98	220.8	196.76
Coffee	4.2	4.2	21.95	21.34
Coffee substitutes ...	0.22	0.2	1.44	1.43
Rice	0.34	0.43	2.8	2.78
Wine, high quality ...	0.084	0.086	0.57	0.49
Wine, ordinary ...	3.1	3.7	30.8	20.3
Extracts without alcohol	0.01	0.02	0.12	0.09
Extracts with alcohol ...	—	0.02	—	0.18
Rum, cognac	0.78	0.03	3.08	1.45
Candles	0.08	0.1	0.32	0.37
Electric globes	0.9	1.0	4.0	5.27
Illuminating gas ...	0.09	0.07	0.66	0.49
Calcium carbide ...	0.28	0.34	1.65	1.52
Briquettes	0.07	0.16	0.38	0.65
Alcohol	10.95	14.95	54.67	98.69
Acetic acid	0.26	0.32	2.44	2.11
Benzine	2.64	3.58	25.47	35.5
Methylated alcohol ...	0.21	0.08	1.45	1.14
Total	81.54	63.41	412.05	434.15

The actual receipts for this period of seven months were 82.98 mill. dinars in excess of the estimated figure.

The yield of the various monopolies for the month of August last and for the first five months of the current financial year, as compared with the returns for the corresponding period of the preceding financial year, was as follows (in millions of dinars):—

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

Monopolies.	August 1925.		April 1 to Aug. 31, 1925	
	Estimated.	Actual.	Estimated.	Actual.
Tobacco ...	135.0	149.92	675.0	703.51
Salt ...	25.0	32.49	125.0	143.39
Petroleum ...	10.83	6.13	54.16	44.33
Cigarette paper ...	8.33	12.05	41.66	57.80
Miscellaneous ...	0.25	0.52	1.25	3.58
	192.96	212.97	964.83	1,009.08

The actual receipts from this source in 1924 amounted to 208.29 mill. dinars and the receipts for the period April-August in the same year to 977.72 mill. dinars. The receipts during the first five months of the financial year 1925-26 show therefore an appreciable increase on those of the corresponding period of the preceding year.

Customs duties collected during the first six months of the current financial year reached the total of 1,096 millions, as compared with 909 millions in the preceding year, an increase, that is, of 187 mill. dinars.

TRADE

Foreign Trade Returns.—During the month of October last goods to the value of 437,084 tons and to the value of 842,347,790 dinars or 77,431,635 gold dinars were exported, as compared with 415,726 tons to the value of 74,931,353 gold dinars for the month of October 1924. These figures represent an increase of 5.14 per cent. in the volume and of 3.3 per cent. in the gold value of goods exported in October 1925 as against the preceding October; the paper dinar value shows, however, a decrease, due largely to the rise in the exchange and partly to the reduced prices. The values of the chief commodities exported during this month were as follows (in millions of dinars): cereals, 77.8; maize, 47.5; wheat flour, 31.6; prunes, 99.7; fresh fruit, 28.3; vegetables, 17.2; opium, 10.98; hemp, 25.3; hops, 42.9; live stock, 79.9; fresh meat and meat products, 26.9; animal products, 57.4; timber for fuel and building, 96.9; calcium carbide and cyanamide, 16.9; cement, 13.6; copper, 12.4; minerals, 15.1; hides, skins, etc., 9.8.

The total volume of exports during the first ten months of 1925 amounted to 3,666,907 tons to the value of 7,548.4 mill. dinars, or 658.9 mill. gold dinars, as compared with 3,110,875 tons to the value of 7,663.1 mill. dinars, or 531 mill. gold dinars during the corresponding months of 1924. There was thus an increase of 17.9 per cent. in the volume and of 24.1 per cent. in the gold value of exports in 1925 compared with the same period in the preceding year. Basing the comparison on the paper dinar there was a slight decline of about 1.5 per cent. in value.

The import returns for the first nine months of 1925 have now been published, showing the total value at 6,761.2 mill. dinars. The respective values of the main imports were as follows (in millions of dinars): agricultural products, 191.6; animal products, 90.8; wood products, 25.3; products of agricultural industries, 77.7; minerals, mineral oils and products, 141.7; vegetable and animal materials for the textile industry, 897.4; skins, furs, etc., and products, 62; rubber and gutta-percha, 17.3; chemical and pharmaceutical products, colours and varnishes, ethers and perfumery, artificial manures, explosives, etc., 91.1; vegetable and mineral wax, fat, oil and wax products, 10.6; foodstuffs, 5.1; paper, books, maps and stationery, 45.6; articles of stone, porcelain, etc., 25; glass and glassware, 27.7; metals and products, 240.4; materials for wood engraving and sculpture, 19.6; scientific accessories not mentioned elsewhere, instruments, apparatus, etc., 13.2; watches, clocks, fire-arms, toys, etc., 8.1.

The chief purveyors of goods imported into Yugo-Slavia during the period January to September 1925 were: Italy, 1,339.8 mill. dinars (19.8 per cent. of total); Czechoslovakia, 1,243.1 mill. (18.4 per cent.); Austria, 1,192.3 mill. (17.6 per cent.); Germany, 646.2 mill. (9.6 per cent.); Great Britain, 591.8 mill. dinars

(8.7 per cent.); (*Trgovinski Glasnik* and *Zagreber Tagblatt*.)

Yugo-Slav exporters have recently achieved great success in the Greek market with the sale of Yugo-Slav flour. This is largely the result of the efforts that have been made to secure fresh outlets for Yugo-Slav products. Greece is a big importer of wheaten flour, but hitherto her main purchases have been from the United States, Canada, Australia, Egypt and Rumania. In 1924 Yugo-Slavia exported to Greece only 1,430 tons of flour (but this was more than double the quantity in 1923), as against 68,248 tons imported into Greece from the United States, 16,433 tons from Canada, 10,005 tons from Australia, 4,629 tons from Egypt and 3,711 tons from Rumania.

Tariff Modifications.—On November 30, 1925, the Yugo-Slav Customs authorities issued an order modifying thereby the existing tariff, the new regulations to take effect as from December 1 last. The order abolishes the export duties on wheat, rye, maize, oats and barley, also the duties on horses, swine, oak beams (for building purposes) of an average diameter of 20 to 30 centimetres, oaken railway sleepers, oak props, etc. The export duty on fresh and dried sugar beet is reduced to 1 dinar; on live poultry to 4 dinars; on slaughtered poultry to 2 dinars; on sheep's wool to 60 dinars; on feathers to 4 dinars; on old copper, zinc, etc., to 20 dinars; on rubber scraps to 8 dinars; on rags and textile clippings to 25 dinars (for Item 23 point 1, unsorted point a), 0.80 dinars (for Item 23, point b aa), 8 dinars (for point b bb); on paper and paper cuttings to 4 dinars. The duty on sheep and goat skins is raised from 16.5 to 30 dinars per 100 kilogrammes. Tariff Item No. 8 has been altered to read: sheep and goats for breeding purposes exported between January 1 and May 1, 1926, 20 dinars per head. Tariff Item No. 14, point 2, is also altered to read: horse hair from the mane and tail, cow or oxen hair from the tail, also hair from hares and swine, 120 dinars per 100 kilogrammes. (*Wirtschaftliche Nachrichten*.)

It is also reported that agricultural machinery has been relieved of all import duty if imported directly by the actual user. The import duty on glass, glass panes and looking-glass of over 5 millimetres thick and up to 100 centimetres in length has been increased from 12 to 15 dinars; for glass over 100 centimetres and up to 200 centimetres in length, from 14 to 18 dinars; and for glass of over 200 centimetres in length, from 17 to 20 gold dinars. Owing to strong opposition the Government has decided not to increase the import duty on glass of under 5 millimetres thick. (*Zagreber Tagblatt*.)

Commercial Relations with the Orient.—The need of opening up fresh markets for Yugo-Slav products has long been recognised and during the past year continuous efforts have been made to extend the export trade and to popularise Yugo-Slav wares abroad. In the opinion of M. Pilja, expressed in the *Revue Economique et Financière* of Belgrade, not sufficient attention has yet been directed to the potentialities of the oriental markets. This does not refer so much to the neighbouring countries of Bulgaria, Greece and Albania, the commercial relations with which are facilitated by the geographical situation and will be still further improved by the conclusion of commercial treaties. It is in the countries of the Near and Far East where there are good possibilities of augmenting trade. Geographically, Yugo-Slavia is favourably situated for the development of this trade; being at the very gateway of the Orient, Yugo-Slavia has also some knowledge of the psychology, the social and economic conditions of the eastern countries. These factors are all in favour of the extension of trade.

Yugo-Slavia's commercial relations with the greater Powers are relatively feeble. For the most part all efforts have been concentrated on the trade with Italy, Austria and Czechoslovakia and perhaps four or five Central European countries with whom the com-

mercial exchanges exceed 1 per cent. but are lower than 10 per cent. of the total trade. Russia, Poland, the Balkans, Asia and Africa hardly come into consideration. Omitting the countries with which the foreign trade is lower than 1 per cent. of the total Yugo-Slavia has commercial relations with but ten to twelve foreign countries. Taking into consideration the geographical situation of Yugo-Slavia, its importance in relation to international communications, its immense natural resources in minerals and forestry and also the agricultural character of the country, this isolation is not justified. There are numerous reasons why Yugo-Slavia has been cut off from the foreign markets, some of the chief being the former commercial dependence of pre-war Serbia upon the old State of Austria-Hungary, a lack of orientation in the affairs of international and maritime commerce, the absence of a policy of propaganda abroad, the custom of having recourse to intermediaries, and especially the insufficiency of over-seas communications and of a knowledge of mutual requirements. The popularising of Yugo-Slav products abroad and the consequent extension of trade with other countries would also be to the advantage of these countries. Closer relations with Great Britain, for example, would lead to an improvement of British textiles and other manufactures in the Yugo-Slav market, which offers indeed great scope for such wares.

Although trade with the eastern countries has been very feeble there is ground for optimism in respect to its rapid improvement. During the year 1924 (the complete official figures for 1925 are not yet available) the commercial exchanges with the Orient and Africa were as follows:—

Imports from	Volume (in kilogrammes).	Value (in dinars).
Egypt ...	8,877,933 = 0.87%	11,343,045 = 0.14%
Turkey ...	76,997 = 0.01%	5,173,938 = 0.06%
India ...	3,266,435 = 0.32%	78,599,010 = 0.95%
Algeria ...	364,422 = 0.04%	1,629,771 = 0.02%
Japan ...	1,602 = 0.00%	159,040 = 0.00%
China ...	946,455 = 0.09%	1,766,173 = 0.02%
Persia ...	448,981 = 0.04%	1,269,776 = 0.02%
<i>Exports to</i>		
Egypt ...	162,953,407 = 4.36%	110,571,665 = 1.16%
Turkey ...	14,546,682 = 0.39%	101,783,088 = 1.07%
India ...	28,313,671 = 0.76%	16,890,627 = 0.18%
Algeria ...	9,256,979 = 0.25%	13,321,104 = 0.14%
Japan ...	1,715,400 = 0.05%	921,137 = 0.01%
China ...	1,519,925 = 0.04%	885,822 = 0.01%
Tunis ...	4,225,034 = 0.11%	5,675,600 = 0.06%
Morocco ...	3,569,350 = 0.10%	4,461,920 = 0.05%
Tripolis ...	6,153,072 = 0.16%	4,066,263 = 0.04%
Syria ...	2,936,460 = 0.08%	2,356,274 = 0.02%

The main imports from India were industrial plants (jute, cotton), 55 mill. dinars; wool, 10 millions; colonial products, 5 millions; rice, 4 millions; ivory, 4 millions; total, 78 mill. dinars. Exports included cement, 15 mill. dinars out of an approximate total of 17 mill. dinars. Imports from Egypt included chiefly iron and iron wares, and, in inferior quantities, industrial plants, cotton, etc., and southern fruits. Out of a total value of 110.5 mill. dinars for exports to Egypt cement accounted for 77 millions and timber for 30 millions; there was also a good trade in cheese. The Egyptian market is of great importance for future Yugo-Slav trade. Turkey is also becoming more and more interesting for Yugo-Slav exporters. The imports from Turkey were chiefly composed in 1924 of wool to the value of 4 mill. dinars, a certain quantity of cotton and southern fruits. Exports to that country touched the figure of 101.8 mill. dinars and consisted mainly of foodstuffs, especially Kachkaval cheese, which represented about 75 per cent. of the total trade. The exportation of live stock amounted to 11 mill. dinars; cement, 7.5 millions; beans, 1 mill. dinars. Turkey should become a good customer for timber, particularly in view of her reconstruction programme. Imports from Japan covered 79,900 dinars for cotton, 24,000 for silk, and 10,300 for baskets. Cement occupied the leading position in imports to Japan, accounting for 870,000 dinars out of a total of 921,137

dinars. From China the imports were vegetable oils, 800,000 dinars; minerals, 728,000 dinars; exotic fruits, 36,000 dinars; ivory goods, 14,000 dinars; animal raw materials, 62,000 dinars. The main export was again cement, amounting in value to 885,772 dinars. Exports to Tunis, Morocco, Tripolis and Syria were chiefly timber for building (12 million dinars) and cement (4 millions).

The above figures refer to the direct trade with these countries and do not take into account the indirect trade through intermediary countries. The total trade with these countries amounted to approximately 100 mill. dinars for imports and 260 mill. dinars for exports. In general, the main articles that lend themselves especially to this trade are timber, cement and colonial goods. The balance of trade is favourable to Yugo-Slavia, and, if further efforts were made to extend commerce in this direction, it is probable that the resultant balance would be still more favourable. Commercial treaties should be concluded to this end, and the free zone at Salonica could be used as a base for the trade with the East, until at least the Adriatic ports are better fitted out and developed.

INDUSTRY AND AGRICULTURE

Coal Output, January to September.—According to statistics of the coal output in the month of September last the production of coal in Slovenia has slightly augmented. The mines have, however, not been able to dispose of the whole volume of coal brought to the surface. During the month of September the output was 169,170 tons, as against 146,273 tons for the month of August, these figures representing an increased output of 22,897 tons for the month. For the first nine months of the year 1925 the figures of the coal output rose to 1,347,564 tons, compared with 1,396,044 tons for the corresponding nine months of 1924, and 1,202,772 tons for the similar period in 1923. During the month of September 74,922 tons of the August reserves were sold to the State railways and 49,878 tons to industry. At the close of September the reserves on hand totalled 65,109 tons as against 68,813 tons at the end of August. (*Belgrader Zeitung*.)

The Customs Committee of the National Assembly has, states the *Central European Observer*, recommended the abolition of the import duties on foreign coal of high quality.

At Zvonac, near Caribrod, beds of good quality hard coal have been discovered. It is reported that a British firm is negotiating for the rights of exploitation.

Critical Situation in the Timber Industry.—The prevailing critical situation in the Yugo-Slav timber industry is described by M. Josip Selak in the *Zagreber*

"The Central European Observer"

COMMERCIAL AND POLITICAL WEEKLY.

The *Central European Observer* is published at Prague in English and appears every Saturday. It circulates largely in all parts of the world and supplies up-to-date and reliable information on Czechoslovakia and Central Europe generally. It contains valuable reports on all business matters and assists in promoting mutual trade relations.

Subscribers have free use (on sending the amount of return postage) of the services of the Observer's "Inquiry Office," from which they may obtain all information they desire regarding Central European Industries and import and export trade. Applicants for information should state their wants with precision.

Terms of Subscription—

England and British Colonies 8/- for 12 months.

America \$2

Other Countries...(Czechosl. Crow.) 6s

Specimen copies and advertisement rates sent post free on application—

"The Central European Observer,"
Prague XII., Fochova 62,
Czechoslovakia.

Tagblatt. Yugo-Slavia, as the writer points out, is an outstanding timber land. The forests contain wood of the finest varieties and of invariably good quality, colour and size. Timber occupies the first and most important position in the country's industry and trade. In 1924, for instance, timber exports attained in value the sum of about 2.5 milliards, representing about 20 per cent. of the total value of exports. Considering that the price of timber is very low in comparison with other products, such as wheat, flour, tobacco, eggs, etc., the enormous volume that the above mentioned value of exported timber represents can be readily imagined.

The timber industry does not, however, receive from the State the attention that it merits in order to enable it to maintain its important position, to protect it against eventualities and to encourage more rapid development. Only recently, it would seem, have the authorities recognised the enormous advantage that would accrue to national economy by fostering this industry. Unfortunately, this attention is somewhat too late to prevent the crisis that has arisen. The smaller timber concerns have of late found it practically impossible to continue operations, whilst the larger firms have been able to keep going only by the assistance of foreign capital. The activities of private concerns are often interrupted as the result of some political agitation or intrigues. Instances have been noted where operations have in this wise been brought to a summary close after enormous sums have been spent in the preparation of the exploitation of the forests. It is impossible even for the best concerns to proceed under such conditions. The taxation imposed on the industry is excessive and the currency uncertainty makes foreign trade extremely difficult. At the present moment the industry is feeling the reaction of the economic crises of other countries that may be numbered among Yugo-Slavia's best customers for timber. The Government is making it still more difficult for the industry in general by undertaking on its own account the exploitation of some of the forests and by participation even in the timber trade. The Forestry Department has been carrying on these activities in practically every district since 1923, having also purchased a number of well-known concerns. The forestry regulations are rigorously applied in connection with private firms but are not always observed by the State concerns. In numerous other ways the State undertakings obtain great advantages over the private members of the industry. The Government may now have recognised the great injury inflicted upon the timber industry, for recently the news was published that the Government had decided to lease out to a private firm the Steinbeiss undertaking.

Hop, Flax and Hemp Growing.—It is interesting to note, states the *Trgovinski Glasnik*, that although certain large hop-growing countries have produced diminishing quantities of hops during the past few years, in Yugo-Slavia the cultivation of this plant has met with increasing success. The production in 1925 was considerably greater than in 1924, but unfortunately the price was much lower. It is probable that prices will continue to fall until the Government follows the example of Czechoslovakia and introduces a law providing for the State control of the production and exportation of hops.

The following table shows the area under flax and hemp cultivation for the years 1920-24, with the average yield per hectare, is published by the *Central European Observer* :—

	Flax.	Yield per	Hemp.	Yield per
	Hectares.	hectare.	Hectares.	hectare.
1920 ...	14,118	6.24	28,792	7.43
1921 ...	14,432	5.24	30,444	6.96
1922 ...	13,180	5.25	28,155	7.72
1923 ...	13,421	6.48	23,456	7.08
1924 ...	13,058	6.48	25,070	10.09

COMMUNICATIONS

Port Traffic, First Half-year 1925.—During the course of the first six months of 1925 the traffic at the Yugo-Slav ports was as shown below (in tons):—

	Imports.	Exports.	Total.
Split ...	60,556	192,099	252,655
Souchak ...	20,177	78,470	98,647
Chibenik ...	19,578	61,796	81,374
Grouj ...	25,057	49,576	74,633
Total ...	125,368	381,941	507,309

The returns from the ports of Zelenika, Metkovitch, and other smaller ports of the Adriatic are not yet available. The figures shown above refer to the period preceding the opening of the new Lika railway line to traffic. The exploitation of this line has resulted in a considerable augmentation of the traffic through the ports of Split and Chibenik. The new depots that are being constructed at the port of Souchak will also tend to improve the traffic at this port. The export trade continues to be of greater importance for the port traffic than that of the import trade. (*Trgovinski Glasnik.*)

THERE is said to be a good opening in Yugo-Slavia for the sale of woodworking machinery. There are at present 300 large sawmills and 3,000 smaller mills in the country, in addition to bent-wood furniture factories and a few factories manufacturing box shooks, furniture and miscellaneous wooden wares. These factories are now equipped with German machinery practically throughout, such machinery being represented as "latest American models," but much inferior to current American designs.

In compliance with Yugo-Slav law all shipments of goods to Yugo-Slavia for direct importation must be accompanied by a certificate of origin issued in the country of origin. This applies as well to shipments out of transit stocks that may be located in different European cities. Shipments not properly provided with certificates of origin are subject to the maximum instead of the minimum duty on importation into Yugo-Slavia.

UNITED STATES

POLITICAL AND GENERAL

Money Rates and Business in 1926.—In its monthly Report dated December 21 the National Bank of Commerce in New York states that good business continues to be the outlook for late winter and early spring. Forward policies must be made months in advance, however, for many enterprises and it therefore becomes necessary to weigh the influences which will determine the course of events beyond the spring.

Cheap money alone does not revive business and high rates do not check it unless contributory influences are operative. Indeed, more frequently than otherwise rates are quite as much a consequence as they are a cause of prevailing business conditions. To-day, however, the intimate relationship between the money market and the future of stock prices, building and construction, real estate speculation and instalment sales combine to give the question of rates a place of great importance in connection with the business probabilities for 1926.

From midsummer of 1924 the United States money market has been in process of adjustment to unprecedented conditions. At about that time the inward movement of gold which took place between the autumn of 1920 and the middle of 1924 began to make itself felt.

The direction of the gold movement not only exerts a profound effect on the money market, but it is in turn influenced by other factors. Thus low money rates in the United States militate against a movement of gold toward this country by making it profitable for American banks to keep funds in foreign money markets, and by encouraging the flotation of foreign loans in this market; and it is clear that from August 1924 until the present Federal reserve policy has operated in favour of cheap money. The actuating motive behind this policy has been to support various European countries in their

efforts toward currency stabilisation, by enabling them to hold what gold they have and to add, if possible, to their gold reserves. The United States, along with the rest of the world, is certain to be the gainer by bringing to an end the currency chaos abroad. It is also highly desirable from our standpoint that our gold supplies should not increase, at least for the present, but the fact that Federal reserve policy is justified on broad monetary considerations has not lessened the problems resulting from the exertion of Federal reserve influence on the side of low rates.

Meantime, capital accumulation has been going on in the United States at an unprecedented rate. In this connection also the fact is not to be overlooked that capital accumulation is again in progress in Europe.

With many factors thus making for low rates, it has become increasingly evident that under post-war conditions the money requirements of the ordinary commercial business of the country are less than they had been expected to be. This has been due in large measure to hand-to-mouth buying and emphasis on rapid turnover, made possible by unparalleled efficiency of transportation and other means of communication. The issue of stocks and bonds to increase working capital and the accumulation of large cash reserves by many enterprises have been further factors in lessening the demand for bank loans for commercial purposes.

As a result of these many influences there has been a redundancy of funds for short term employment and long term investment, with ultimate natural diversion into stock speculation. The remarkable earnings of many corporations have also been an encouragement in that direction.

Another consequence of cheap money has been a huge volume of speculative building and real estate ventures. All businesses have been tremendously stimulated by the large volume of building and construction. Cheap money has also been a large factor in the rapid expansion of instalment sales, and only experience can show whether or not future purchasing power has been mortgaged to create good business in the present at the expense of future business.

As speculative activity widens the available supply of funds is gradually cut down. Thus, while in the early stages of a stock market advance the hope of large profits may draw money out of conservative channels, as the hope of such profits lessens with advancing prices a drift sets in toward more permanent and less speculative investments. Another influence tending to render periods of credit redundancy comparatively brief, unless prolonged by the injection of new elements into the situation, is the fact that in all types of speculation there is always a gradual accumulation of more or less frozen credits. The proportion is likely to be especially large in the case of building and real estate activities, and it is not yet certain that a considerable volume of slow loans will not develop as a result of instalment sales.

The various factors in the situation and the gradual firming of the money market since midsummer suggest that while credit stringency is not in sight there will be no early return to the bargain counter rates prevailing during the later months of 1924 and the first half of 1925, unless gold should flow toward the United States in large amounts, and this seems unlikely. With money rates neither high nor low, the promise for 1926 is not for boom business but for good business, with satisfactory profits for those who can win them by means of enterprise and economy.

Official Discouragement of Loans to Foreign Countries.—Secretary of State Kellogg in his address before the Council on Foreign Relations on December 14, says *Export Trade and Finance*, clearly stated the position of the Government in regard to proposed loans to foreign countries as follows:—

In March 1922, after a consultation with various financial houses, the President directed the Department

to publish a circular requesting in substance that those desiring to float foreign bond issues in the American market should notify the Department of State, giving such information as they could furnish in reference to loans. The Department of State would then give the matter consideration in order that, in the light of the information in its possession, it might, if it so desired, say whether objection to the loan did or did not exist.

It was stated, however, that the Department could not require bankers to consult it; that it would not pass upon the merits of foreign loans as business propositions nor assume any responsibility in connection with the loan transaction, and that offers of foreign loans should not state or imply that they were conditioned upon the expression of the Department's views regarding them, nor should any prospectus or contract refer to the attitude of the Government. The object of this was that the Government might state whether it believed certain loans were not in the public interest, such as loans for armament, loans to countries not making debt settlements with the United States, or loans for monopolistic purposes.

The Department has received notice of a great many loans to foreign governments, municipalities and industries. It objected to loans to countries which had not settled their debts to the United States as it believed that it was not in the public interest to continue to make such loans, and it has objected to certain loans for armament and monopolisation of products consumed in the United States.

The Department has not assumed and could not assume to pass upon the validity of loans or the security. It has not the authority of law and it will be impossible for any department of the government to parcel out foreign loans, pass upon their merits, their security or upon them as business propositions. Where objection is made, the Department universally states that it does not pass upon the merits of foreign loans as business propositions nor assume any responsibility in connection with such transactions and that no reference to the attitude of the Government should be made in any prospectus or otherwise.

There has been a great deal of correspondence and considerable Press comment upon the loans made to German municipalities and States. While the Department has not thought itself called upon to object to such loans as against the public interest, it has called the bankers' attention to the fact that indiscriminate loans to municipalities and States were not, it was believed, favoured by the German Government and might raise serious questions of transfer of funds sufficient to pay the principal or interest on such bonds.

The Department has further called the attention of the bankers to the fact that they should consider very carefully the question whether such loans were for productive purposes which would aid in procuring funds for transfer.

I have no desire whatever to throw obstacles in the way of legitimate loans, but I do think that American bankers should consider the question as to what extent State and municipal loans should be made.

A Freak Currency.—With cheerful indifference to hard facts, a bill to "stabilise the buying power of money" has been introduced into Congress, and is now before the House Committee on Banking and Currency, says *The Wall Street Journal*.

This plan would do away with the coined dollar and substitute one of uncoined gold bullion, measured in grams and milligrams, against which treasury notes would be issued. A bureau, to be called the Monetary Standard Division, would construct a price index of wholesale commodities, which it would correct daily. From this index the weight of the dollar would be determined for that day. Thus, while the purchasing power of the dollar would remain the same, the amount of gold in that dollar would fluctuate every day with the changes in the price index.

This would be equivalent to a merchant selling goods at an unvarying price per pound or yard, but with varying weights and measures. He might sell coffee at 32 cents a pound, and when that was the market price give 16 ounces for a pound. If the world price went to 40 cents he would continue to sell at 32 cents, but use lighter weights, so that his so-called pound would be about 12 ounces avoirdupois. The purchaser, however, would get no more coffee for his money than the one who was buying at 40 cents a pound of 16 ounces.

The buying power of money cannot be stabilised, because value is not fixed by the dollar, but by the available supply of goods and the desire of would-be purchasers to possess them. Value is the importance we attach to an article, and money is merely the medium by which that value is expressed. A dollar containing 23.22 grains of gold is the medium by which we measure the exchange value of goods and services.

If to-day the exchange value of a bushel of corn, compared with other commodities, is a dollar, one of our dollars containing 23.22 grains of gold will buy a bushel. If under the proposed system the price index should double, it would take twice as much gold, or 46.44 grains, to exchange for a bushel of corn. We might still call the exchange medium a dollar, but the fact would remain that it would be necessary to give twice as many grains to secure the same quantity of corn.

We now have a dollar with an unchanging gold content and varying prices. The proposed system would simply reverse this and give unvarying prices and a varying gold content. But price fluctuations, varying with the supply and demand for goods, would still be with us no matter under what name they might be camouflaged.

Proposed New York Rubber Exchange.—Prices have softened materially upon the wider realisation of the fact, to which, says the *New York Annalist* of December 18, attention has frequently been called in these columns, that the price has probably gone further in discounting the serious situation of the commodity than the actual situation would seem to justify. There is, of course, no way of telling what the price should be under the present conditions, except that it should be high enough to encourage all possible production, but not too high to force unnecessary curtailment of consumption. And, to quote from *The Annalist* of December 4, "signs are not lacking that, for the time being at least, the wild speculation in rubber is approaching its end. It does not mean that the price is near a collapse. On the contrary, it is very likely that the commodity will be maintained at a very high level for a considerable period. But such a level is more likely to be under \$1 a pound than above it, as it is at present."

A matter that has attracted considerable attention is the proposed establishment of a rubber exchange in New York. The Cocoa Exchange, organised not long ago, is to have a special rubber department, and its name is to be changed accordingly. The movement is said to have aroused considerable opposition in some quarters. The issue involved is a matter tied up with general economic principles. Should we not, as the largest single consumer of an important raw material, have an organised market for it? The experience of other countries has demonstrated the feasibility of a rubber exchange. The writer knows of no good reason why we do not have other organised markets, such as in foreign exchange. Such markets provide the kind of commercial protection known as "futures" and "hedged." By the same token, there is no good reason why we should not have a market in silk, as the Japanese have, and one in rubber, as the British have. It is true that there are certain important premises without which an organised market is impossible. In years to come an ever greater number of commodities will be dealt in in organised exchanges rather than in shopping markets as at present. An organised exchange is the best possible market for any commodity

because it tends to give a free adjustment of demand and supply resulting from the consensus of opinion of an unlimited number of traders. When the statistical position becomes bullish the price rises sharply and by doing so rapidly calls into existence forces that work for a more economical utilisation of the commodity, and on the supply side for more liberal production. In the organised market the adjustment of supply and demand works much more quickly and effectively than in the shopping market. So in principle we should welcome any kind of an organised market. Perhaps in a number of commodities this is as yet impossible: a commodity must be of universal use, capable of standardisation and have some other important characteristics before an organised market in it can be established. Rubber, as shown by the existence of organised markets in other countries, meets these requirements. Moreover, it is logical that such a market should be where the consumers are found, just as the push-cart peddlers go to the busy streets in the working-men's quarters. It is also logical that the great centres of wealth and consumption should carry the world's surpluses (reserves) of commodities, and an organised market draws to it such surpluses. The experience of Great Britain with its great cotton, grain, sugar, rubber and metal markets is a historic illustration.

That much can be said in favour of a rubber exchange in New York. Another question is the time. Is this a good time to start? A market presupposes a certain amount of free stocks, a floating supply of the commodity taken up by speculation, as large as the short interest in it. It presupposes a certain speculative following on the part of the public, proverbially long, because the mechanism and psychology of short sales are foreign to it. And we may not be in a position to spare surplus rubber just now. Although it is said that manufacturers are generally opposed to the idea, I think, on the contrary, they are likely to profit most from it just now. Had there been a broad organised market here during the post-war deflation and had the manufacturers been foresighted enough to take advantage of it, a large part of the losses resulting from deflation of inventories could have been avoided. And who knows whether such a need may not arise again some time in the future? Hedge selling or buying by cotton mills does not entirely eliminate speculation on the price trend of raw cotton, but it does so to a very considerable extent. Rubber manufacturers anxious to protect their manufacturing profits could do so by selling hedges, especially when working for stock. With organised markets in rubber and cotton, the two chief raw materials of tyres, combined hedges could be placed.

The Situation as regards Cotton.—The big cotton crop and heavy marketing expressed by total receipts running considerably ahead of last year have, according to the *New York Annalist*, had a depressing influence on the commodity and prices have again touched bottom for the season. Apparently foreign buying has subsided somewhat, judging by the latest export figures. Foreign buyers have changed their attitude and reduced their takings in the expectation that, since the world is unlikely to absorb our whole crop, prices may first reach lower levels before they strike rock bottom. There is, of course, no need for hurried purchases, and buyers may well afford to take their time. Domestic consumption continues heavy. The market is fed by all kinds of bearish stimuli. The weather is favourable for picking, and private estimates are being marked up. Egypt, it is estimated, will produce the largest crop in its history—10 per cent. larger than last year. India has planted a record area, although the weather is by no means too favourable. Russia will produce a crop more than twice that of last year and the Anglo-Egyptian Sudan almost two and a half times that of last year. Mexico is the only country to show a material reduction from last year, while the other countries of secondary importance promise at least as good crops. The chief countries,

excluding India, which is to issue its first official forecast on the yield soon, will produce, it is estimated, a crop 11 per cent. larger than last year. There are clearly few unknown factors left on the supply side. The cotton problem at present is one chiefly of consumption. How far is the improvement in the textile situation here and abroad to go? How much cotton shall we and the rest of the world consume? These are the major problems of the present cotton situation.

CENTRAL AMERICA

MEXICO

Service of the National Debt.—According to a statement issued to the Mexican Press by the Minister of Finance, the service on the Mexican Debt during the year 1926 will amount to 64,824,412 pesos, of which 39,324,412 represent service on the internal debt and 25,500,000 that on the external debt. The service on the external debt is the amount which is to be paid under the agreement recently made with the International Bankers' Committee in New York, known as the agreement of October 23. The amounts of interest due on the internal debt are as follows:—

	Pesos.
Bonds of the National Railways	15,000,000
To London and Mexico Bank, according to contract of September 15, 1925	1,000,000
To other banks of emission, old indebtedness ...	8,000,000
Service on agrarian debt	500,000
Amortisation of certificates relative to paper money "Veracruz" and "Constitutionalist Army" ...	300,000
Promissory notes of Southern Pacific Railway.....	3,031,800
To amortise capital of debt constituted by the liquidation bonds of the Tehuantepec National Railway	660,000
To redeem paper "unfalsificable"	1,500,000
Payment of annuity to Catholic Church of California according to the decision of the Hague ...	516,612
Other claims	500,000
Redemption of liquidation bonds of Federal Government employees	3,000,000
For national pensions	5,316,000
Total	39,324,412

The redemption of liquidation bonds of Federal employees is the redemption of scrip which was given to them in lieu of salaries at a time when the Government was unable to pay salaries. The amount headed "to other banks of emission, old indebtedness" is the amount which is to be paid to the old banks in return for money which was seized by the Government during previous administrations, which the banks in turn owe to their depositors, and to redeem their currency. (*U.S. Commerce Reports.*)

The Foreign Debt.—The Pani-Lamont agreement concerning the resumption of the payments of the Foreign Debt as from January 1, 1926, has been ratified by the President of the Republic and by the Senate. *El Sol* expresses the opinion that this agreement with the International Banking Committee is the greatest success yet achieved by the Government of General Calles. At the conference in New York Señor Pani managed to normalise the Mexican Foreign Debt, in which a very serious situation had arisen since June 30, 1924, by the suspension of payments on account of the depletion of the Treasury. The main advantage of the present agreement is that it really annuls the Convention of June 16, 1922, signed by the then Minister of Finance and the International Committee of Bankers, a convention which was extremely burdensome and irrealisable by the debtor State. The convention in question not only augmented the existing debt by the addition of that of the National Railways, thereby doubling the original debt, but also provided for the payment during the ensuing four years, that is, till 1926, of all the old amounts that matured. In view of the deplorable condition of the national finances the Government suspended all negotiations with the creditors, thus creating a very bad impression abroad.

During the past few months, however, great efforts have been made towards rehabilitation. At the beginning of last September the Mexican Bank was founded with liberal resources from the State and a further project was put forward for the establishment of a National Bank of Agricultural Credit and of Colonisation. At the same time Señor Pani, the Minister of Finance, entered into negotiations with the creditors and succeeded in inducing them to accept a revisionary agreement, by the terms of which the existing debt was deferred to 1928 and the Government was relieved of all responsibility imposed by the convention signed by La Huerta concerning the railway debt. The amount for which payment is deferred to 1928 is 1,523,599,384 pesos, composed as follows: total debt, including the railway debt but excluding interest = 1,034,852,998 pesos; interest up to the suspension of payments = 413,740,386 pesos. Matured amounts deferred total 75 mill. pesos. In virtue of the terms of the last agreement it is necessary to deduct from the above amounts the total of the railway debt, which figures at 676,322,570 pesos. This reduces the debt to 847,276,814 pesos, the debt being deferred till 1928. If Mexican finance pursues a normal progressive course this burden can well be borne and the financial situation would improve, whilst at the same time there would be increasing confidence abroad.

Estimated Treasury Receipts.—*La Nación* learns from Mexico City that the total Treasury receipts from taxation for the present year are estimated at 315 mill. pesos, and that the closing of the accounts of the next financial year will reveal a surplus for the Treasury to the extent of 40 to 50 mill. pesos. The Government does not intend to introduce fresh taxation. Despite the abolition of the tax on Mexican railway receipts the revenue is in no way suffering. The Government is adopting a policy of strict retrenchment and it is expected that the situation of the national finances will rapidly improve.

New Law for Foreigners.—Congress has unanimously passed a new Bill interpreting Article 27 of the Mexican Constitution relating to the property of foreigners in Mexico. The essential provisions as published by the *Agence Economique et Financière* are as follows:—

Art. 1.—Foreigners are not permitted either directly or through the intermediary of Mexican companies real property within a zone of 100 kilometres along the frontier or 50 kilometres along the coast.

Art. 2.—Foreigners wishing to participate in a Mexican company possessing real property in the Republic must make a declaration that they consider themselves as Mexicans and thereby renounce all rights to invoke the protection of their respective governments.

Art. 3.—Foreigners may participate in Mexican agricultural companies only to the maximum extent of one half of the share capital.

Art. 4.—Agricultural companies that do not conform with the terms of the preceding Article must dispose of their property within a period of ten years.

Art. 5.—Non-agricultural rights legally acquired by foreigners prior to the promulgation of this Law may be retained by the proprietors up to the time of their death.

The succeeding Articles impose upon foreigners the necessity of declaring their property within a period of one year, failing which their rights and properties will be considered as having been acquired subsequent to the promulgation of the new Law. In cases where a foreigner has acquired by inheritance or by pre-existing rights property prohibited by the Law the Minister of Foreign Affairs has the power to grant the necessary permission, on condition that the rights be transferred to a person legally entitled to acquire and hold them. Real estate let out on leases not exceeding ten years are not considered as properties.

In certain circles it is considered that the present measure is a step in the gradual nationalisation of

foreign property in land, mines and oil-fields, and is calculated to give rise to some reaction and probably friction. The interests of the United States in Mexico are very considerable. The exact figures of foreign investments in Mexico during the year 1925 are not at the moment available; but in 1924 the total capital invested in Mexico by United States citizens or companies amounted to nearly 450 mill. pesos, or approximately 58 per cent. of the aggregate investments in the country. British investments amounted to about 204 mill. pesos, or a fraction over 26 per cent. of the total investments, whilst Dutch capital invested in Mexico was nearly four times as great as the amount invested by Mexican citizens. In fact, Mexican capital represented not more than 3 per cent. of the total sums invested in the country. Though the desire of the Mexican Government to restrict the exportation of profits accruing from activities within the country is fully appreciated, some doubt is expressed as to whether the new measure will not prove retrograde in its effect. It certainly does not facilitate the participation of foreign capital in Mexican undertakings; yet at the present moment Mexico's chief need is the exploitation of her natural resources. It is understood that the Governments of Great Britain and the United States have received assurances from the Mexican Government that the new Law will not affect the holdings of present shareholders of British or American nationality. A further demand has been made for a more precise and definite ruling on a number of points not made perfectly clear in the new Law. It is also considered that some modifications will yet have to be made in this measure.

The Government of Vera Cruz is reported to have ordered the immediate application of the new Labour Law, by which firms are compelled to employ at least 80 per cent. Mexican labour under penalty of being immediately closed by the intervention of the authorities.

Economic Situation in the Yaqui Valley, 1919 to 1925.—The Yaqui Valley has for the past fifteen years been the leading agricultural region of the west coast of Mexico. During this period it has been under the active development of American interests which have placed under cultivation more than 10 per cent. of the 950,000 acres. Seventy per cent. of the entire area is owned by American or joint Mexican and American interests and with the future development of irrigation the valley will be subjected to relatively intense cultivation. The annual increase in area under actual cultivation has been steady. In 1919 25,000 acres were cropped. In 1922 nearly 35,000 acres, in 1924 over 70,000 acres, and in 1925 more than 95,000 acres have been planted. Changes in crops produced indicate that the region has passed its experimental stage. The production of garbanzos has decreased through various fluctuations since 1919 and is now a relatively unimportant crop, whereas in 1919 it was far ahead of all others in acreage. There appears now a concentration on wheat and rice. Each of the two important crops cover about 40 per cent. of the area under cultivation. Not until 1924 was there any planting of peas and melons, and then only to a limited extent; but in 1925 almost 4,000 acres were devoted to their production. The development of the Yaqui Valley is an instance of intelligent agricultural exploitation. Its effect in increasing the consuming power of the people in the region should eventually react upon commercial and financial conditions of the west coast. The example set, if followed throughout the Republic, would effect a fundamental economic change through the increase of purchasing power in the rural districts. In an agricultural country such an increase is the final basis of prosperity. (*U.S. Commerce Reports.*)

Revised Foreign Trade Returns.—The provisional foreign trade returns for the first six months of 1925, as published in THE ECONOMIC REVIEW of November 20, 1925 (Vol. XII., No. 21), have since been revised and now should read as shown below. The aggregate value of

foreign trade during this period amounted to 564,944,483 pesos, as against 437,817,466 pesos in the corresponding months of 1924 and 442,143,097 pesos during the first half of the year 1923. Imports were valued at 201.2 mill. pesos, and exports at 363.83 mill. pesos. During the corresponding period of 1924 and 1923 the value of imports was respectively 140.5 mill. pesos and 150.7 mill. pesos; whilst that of exports was respectively 297.2 mill. pesos and 291.5 mill. pesos. The favourable balance of trade in the first half of 1925 was 162.63 mill. pesos, as against 156.7 millions in the first half of 1924 and 140.8 millions in the first half of 1923. There has, therefore, been a steady improvement of about 22 millions since 1923. The chief Customs receipts during the period under survey were as follows (in millions of pesos): Tampico, 262.1; Vera Cruz, 92.5; Laredo, 63.7; Nogales, 24.3. The value of United States purchases in Mexico during this period is now given as 273.1 mill. pesos, and that of imports from the United States as 142.2 mill. pesos. Exports to Great Britain are valued at 24.3 mill. pesos, and imports from Great Britain at 17.8 mill. pesos; exports to Germany at 20.6 millions and imports from that country at 14.7 millions; exports to Spain at 0.8 mill. pesos and imports from Spain at 4.4 millions. Exports to the United States, Great Britain and Germany showed an appreciable improvement as compared with the preceding year, when for the whole year they were valued respectively at 493.2 mill. pesos, 34.6 mill. pesos and 17.5 mill. pesos. The export trade with Spain, on the other hand, has considerably fallen off; for the whole of 1924 exports to this country amounted to 4.2 mill. pesos, whereas during the first six months of 1925 they amounted to only 0.8 millions. The value of imports from the United States for the whole of 1924 was 233.2 mill. pesos; from Great Britain, 22.5 mill. pesos; from Germany, 23.2 mill. pesos; and from Spain, 7.5 mill. pesos. All these countries improved their position in the Mexican market in the first half of last year, but the figures show that Great Britain made proportionately greater progress than her chief competitors. Mexican exports to Cuba, France, Argentina, Belgium and Holland are also very considerable, but, with the exception of France, the value of imports from these countries is not so significant.

Detailed figures of Mexico's exports of precious metals in 1923 and 1924 have just been published. Mexico occupies the fourth position among the world's gold mining countries and exported in 1923 gold metal to the value of 11,355,971 dollars, as against 11,135,972 dollars in 1922, 9,267,976 dollars in 1921 and 9,673,309 dollars in 1920. In the output of silver Mexico occupies the premier position in the world. Her silver exports in 1923 amounted in value to 106,801,350 dollars, as against 98,819,441 dollars in 1922, 77,024,181 dollars in 1921 and 120,261,265 dollars in 1920. According to unofficial estimates the exportation of silver in the year 1924 represented 110,961,000 dollars, whilst that of gold was 11,126,000 dollars.

A cabled report from Mexico City to the Anglo-South American Bank states that exports of petroleum from Mexico during the first nine months of 1925 amounted to 78,719,784 barrels. Shipments in September totalled 6,532,756 barrels, as against 6,201,556 barrels in August, which was the lowest monthly total recorded last year. The total production of crude petroleum during the eight months ended August last was 82,102,911 barrels.

New Protective Import Duty Imposed.—The President's decree for the extension of the import tariff by imposing new duties on automobile parts and raw material for the construction of motor cars and lorries came into force on November 14, 1925. The new regulation imposes a duty equivalent to 50 per cent. of the existing duty on imported motor cars and lorries on all accessories and parts and on all raw material used in the manufacture of cars and lorries, if such

articles and materials can be manufactured in Mexico. (*La Nación*.)

Temporary Free Importation of Fruit Wrapping Paper.—Paper cut to the proper size for wrapping fruits is granted temporary duty-free importation upon condition that it be used in connection with the exportation of Mexican fruit. The paper must come stamped with a brand or mark which indicates exactly that it is for fruit of Mexican origin intended for exportation, and this indication must be worded in Spanish. This concession was granted in an official circular of November 14, 1925, published in the *Diario Oficial* of November 21.

Road Construction.—An American firm was awarded a \$3,000,000 contract in August 1925 to construct a main highway system. The plans call for construction of a through highway from Laredo, Texas, to Puebla, via Mexico City; the completion of the Mexico City-Acapulco road, which has been under way intermittently for several years; and the construction of a road from Ariaga, Chiapas, on the Pan American Railroad, to Comitán in the same State. The work is to be financed from the proceeds of a tax of 3 centavos a litre (6 cents a gallon) on gasoline and the revenues from the tobacco tax. The former tax, which became effective July 1, is expected to yield about \$1,000,000 annually. The tobacco tax receipts in 1924 were \$2,800,000. The company has on the Mexico City-Puebla road four construction camps, respectively 17, 57, 60, and 75 kilometres from Mexico City. Each camp has a superintendent and 350 to 400 men, who are working on the foundation and grading the road-bed. The road probably will be surfaced with macadam, except for a stretch of about 20 kilometres from Mexico City, which is to be built of concrete. American steam shovels, tractors, scrapers, ploughs, and light cars are in use. A bus line has already been placed in operation between Mexico City and Puebla, with light American busses making two trips daily each way. The road from Mexico City to Acapulco was completed as far as Cacahuamilpa, near Cuernavaca, 132 kilometres from Mexico City, a few years ago; the southern end from Acapulco to the Savana River was graded but not entirely surfaced. The American company now has six camps below Cuernavaca, each with about 400 men who are laying the road-bed and constructing a dirt road to Iguala. Work was to begin in November on the sections from Monterrey to Victoria and from Monterrey to Laredo. The road from Mexico City to Pachuca is being surveyed.

GUATEMALA

Treasury Receipts, January to June 1925.—During the first six months of the past year the Customs receipts of the Republic of Guatemala totalled 3,542,457 dollars, of which 2,025,436 dollars were collected in import duties and 1,517,021 dollars in export duties. During the course of 1924 import and export duties together yielded 4,557,460 dollars as against 3,399,842 dollars in 1923 and 2,837,754 dollars in 1922. The remaining Treasury receipts during the first six months of 1924 amounted to 1,406,187 dollars, being for the most part derived from the impositions on spirits, real estate duties, licenses, telegraphs, highroad and railway contributions, stamp duties and the tobacco duties. (*España Económica y Financiera*.)

Road Construction.—The road work done in Guatemala in recent years has been of rather temporary character. The roads, being only lightly surfaced, are practically impassable during the rainy season, so that work done during each dry season is confined to rebuilding and resurfacing. The municipal authorities of the city of Guatemala have ordered a survey of the streets and the drawing up of plans for construction of a water system, sewers, and street paving. An American firm has the contract for the survey, which will cost from \$20,000 to \$30,000.

Export Trade with the United States in 1925.—Exports to the United States for the first nine months of the current year continued at a satisfactory level. There has been a slight increase over the corresponding period in 1924.

Principal Exports (in United States dollars).

Commodities.	First nine months of	
	1924.	1925.
Coffee	\$6,796,698	\$6,298,321
Sugar	381,372	304,515
Bananas	2,454,090	2,638,067
Cabinet woods ...	97,635	181,814
All others	241,851	196,178
Total	9,487,944	9,618,895

The relatively heavy increase in cabinet woods and the modest increase in bananas did not offset the decreases in coffee and sugar. Of the minor commodities, two items in 1925 were not listed in 1924—gold, valued at \$95,044, and marble, valued at \$23,110.

HONDURAS

Foreign Trade Intelligence.—In the first three quarters of 1925 the inward tonnage for Puerto Castilla and Trujillo amounted to 7,000 tons, which is less than one-third than for the same period of 1924. The figures indicate a serious recession of purchasing power in the district and account for the dull character of trade which has been noted in practically every report from Honduras during the past year. The depressed condition is further evidenced upon an examination of the items of importation. Dividing the commodities into producers' or industrial goods on one hand, and consumers or personal goods on the other, available statistics show that whereas during the first nine months of 1924 50 per cent. of the total value of the imports was for the purchase of producers' goods, in 1925, for the same period, less than one-third was devoted to this line of articles. Merchants are in accord in describing the business conditions of the port and town of Trujillo as practically at a standstill. Throughout the district the underlying unfavourable economic conditions preclude hopes for any immediate improvement. Considering exports, conditions are more favourable. There has been a steady increase in the exportation of bananas, the only significant output of the district. The total exports of this product for the first nine months of 1925 reached 3,430,000 bunches, while those for the entire year 1924 were but 2,255,000 bunches. If the present rate of exportation obtains until the end of 1925, exports will double those of 1924. (*U.S. Commerce Reports*.)

SALVADOR

The Budget for 1925-26.—According to the *Diario Oficial* the national estimates for the financial year beginning July 1, 1925, and ending June 30, 1926, provide for revenue at 18,205,860 colones (gold) and expenditure at 18,166,714 colones (gold), thus showing a Budget surplus of 39,146 colones. The most important estimated receipts are as follows (in gold colones):—Import duties, 9,076,000; export duties, 2,290,000; spirit duties, 5,155,500; stamp duties, etc., 632,000; direct taxes, 740,000; services, 1,029,700; State properties, 6,500; miscellaneous taxes, 1,275,310. The distribution of expenditure is given as follows (in gold colones): National Assembly, 69,905; Presidency of the Republic, 116,745; Ministry of the Interior, 3,172,272; Ministries of Agriculture and Public Works, 1,880,112; Ministries of Public Health and Social Welfare, 854,720; Ministry of Foreign Affairs, 391,324; Ministry of Justice, 894,657; Ministry of Public Instruction, 3,211,646; General Ministry, 400,000.

Road Construction.—The National Assembly passed a law, effective November 15, 1925, creating a highway board for each department in the country. The boards, working with the Ministry of Fomento, have charge of road improvement and collect the necessary funds.

Each person residing in the Republic must contribute a certain sum or work a certain number of days on roads and allied works, according to their capacity to pay. The amounts collectible vary, from the equivalent of 300 days' work charged against persons whose capital exceeds 1,000,000 colones (\$500,000) to two days' work from employees whose monthly salary is less than 100 colones (\$50). For the purposes of the law the value of a day's work is calculated at 1 colon (50 cents). A road 35 kilometres long, from Berlin to Usulután, via Alegria and Santa Maria, was completed in February 1925. An American firm was awarded a contract for street paving and sanitary works in the city of San Salvador. The total cost will be \$2,993,170, of which it is estimated that \$1,239,750 will be spent for street paving. In October the same company was given the contract to build 800 miles of roads at an expenditure of about \$12,000,000. The new contract involved the purchase of nearly \$200,000 worth of American machinery. Salvador already had the best road system in Central America.

COSTA RICA

The Gold Reserve.—The gold reserve (Costa Rican and foreign gold coin) will be sent to a New York bank at an early date and the value of the coin will be placed to the credit of the Costa Rican Government, according to a recent announcement. The proceeds will be used in purchasing bills of the Caja de Conversión (exchange bureau) as they are needed. The account will draw 2½ per cent. interest. This transaction, it is asserted, will not only strengthen the Caja de Conversión, but the Government will also receive interest on funds that previously have been unproductive.

Repeal of the Foreign Company Decree.—A free translation of legislative decree No. 27 enacted by Congress on October 28, 1925, signed by the President on October 30, 1925, and published in *La Gaceta* of October 30, 1925, reads as follows:—"Only article: Decrees Nos. 42 and 46 of November 15, 1923, and January 19, 1925, are derogated, by which article 151 of the law of mercantile companies was modified." The repeal of these two laws automatically revives and puts in full force and effect article 151 of the law of commercial associations (*sociedades comerciales*). This article applies only to foreign associations that have established agencies or branches in Costa Rica and provides that the foreign company in such case shall constitute in the country an agent with general power of attorney; that a complete set of books shall be kept, showing the operations of the company in the country; and that the company shall submit itself to the jurisdiction of the Costa Rican courts for the decision of judicial questions arising in connection with the business carried on in the country. This does not apply to foreign firms selling through Costa Rican importers or sales representatives.

Export Trade, January to September.—Exports of Costa Rica through Limon for the first nine months of the current year show a favourable condition when compared with the same periods in 1923 and 1924. The number of banana stems exported through Port Limon in 1923 was 4,300, in 1924 4,500, and in 1925 5,200. There has been a steady advance in both the area under bananas and in output. Future prospects are for even more decided increases. The tonnage of coffee exported shows a progressive increase, with 6,100 tons in 1923, 9,500 in 1924, and 10,400 in 1925. However, the fourth quarter of the calendar year alone indicates the controlling exportation. Only coastal and Atlantic slope harvests move before October. The bulk of the harvest moves from the central plateau in November. Shipments of fresh pineapples in crates has increased from 38,800 crates in 1923 to 41,900 in 1924, and to 81,300 in 1925. In addition to this significant increase there has occurred a remarkable increase in the export of preserved pineapple. In

1923 1,800 pounds of the preserved fruit were exported, in 1924 the figure was 83,100, and in 1925 more than 580,000 pounds. There has been a decided decrease in sugar exports. In 1923 4,100 metric tons were exported, in 1924 slightly less than 400 tons, and in 1925 only 61 tons. The decrease has not been due to lowering of production but to local increase in consumption, especially for use in preserving pineapples. Cacao exports through Port Limon totalled 3,000 metric tons in 1923, fell to 1,900 tons in 1924, but rose again to 2,900 tons in 1925. The United Kingdom is active in buying cacao, with a consequent stability of demand and price which, it is anticipated, will cause large future production and export of the commodity.—Exports of balsa wood show a gradual fall from 1,100,000 board feet in 1923 to 1,000,000 board feet in 1924 and 600,000 board feet in 1925.

PANAMA.

Road Construction.—Panama's ambitious road programme, conceived in 1919, called for the construction of a main road from Panama City west to Santiago, with a branch extending south on the Peninsula de Azuero to Mensabe, and a similar road east to Chepo, thus connecting all the principal ports and cities in the Republic outside the Canal Zone. The sections from Santiago to Penonome and from Mensabe to Chitre have been completed, and 80 per cent. of the section from Panama to Pacora has been graded. All the bridges on the last-named section have been erected. The work has been done partly by American and local firms under contract and partly by the Government. The great need at present is for construction of bridges over the Panama Canal to close the gap between the sections lying on either side.

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... 4	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.

Shipping as a Factor in National Economics.—

According to *Svensk Flagga* a great deal of unnecessary confusion seems to prevail with regard to the importance of shipping as a factor in national economics, largely because of a tendency in various quarters not to be able to discriminate between these and private or personal economics. As an illustration of Sweden's share in the freight earnings of a vessel engaged in the timber and coal trades between the North Sea and the Baltic, our contemporary publishes the following statement of accounts for 1924:—

Freight earned in 1924	...	...	Kr. 391,328
Loading and discharging expenses	...	...	Kr. 40,368
Port and pilot dues	...	...	26,728
Commission	...	...	11,870
Inspection	...	...	90
Coal and oil	...	...	42,752
Other supplies	...	...	2,836
Provisions	...	...	4,707
Sundries	...	...	4,312
Unaccounted for	...	...	3,847

Kr. 137,510

Sweden's share of freight earnings Kr. 253,818

The net amount by which the country benefits, therefore, is 65 per cent. Comparisons, however, are difficult, as conditions applying to the North Sea-Baltic trade do not hold good for other trades.

SPECIAL ARTICLES

ECONOMIC AND COMMERCIAL CONDITIONS IN MOROCCO.

A report on the economic and commercial conditions in Morocco, Algeria, Tunisia and Cyrenaica during the years 1924 and 1925 has just been issued by the Department of Overseas Trade.* The conditions prevailing in the French Zone of Morocco are dealt with by Sir Andrew Ryan, K.B.E., C.M.G., His Majesty's Consul-General at Rabat, and Mr. G. H. Selous, M.B.E., His Majesty's Consul at Casablanca. In their remarks concerning the French Zone during the period under review they are unable to note but little change in general conditions regarded as a whole. The policy of the Protectorate Government has been one of gradual development along the lines laid down after the War. An important military advance was made on the northern frontier in the summer of 1924. This resulted in the extension of French authority over a fertile tract of territory north of the Ouergha river and the creation of a new line of outposts between that river and the theoretical boundary between the French and Spanish Zones. The results of this campaign were to a large extent undone in the early summer of 1925, by a combined rising of tribes on the frontier and an attack from the Riff country in the Spanish Zone. These activities of disaffected and hostile elements failed of their main objective, the capture of Fez. The French authorities nevertheless found themselves in a very difficult position throughout the summer and it is only as a result of long and costly preparations, including the sending of large reinforcements from France and Algeria, that they have been able to return to approximately the same positions as those occupied at the outset and to contemplate a large scale offensive against the enemy. These events, the most considerable which have occurred since 1912, have naturally had an unsettling influence, but on the whole they have had comparatively little definite effect on the internal economy of the French Zone as a whole.

In the opinion of the writers of this report French Morocco still presents features of a primitive country undergoing intensive development on European lines. The main criticism which has been levelled against the policy of the protecting power is that disproportionate attention has been paid to towns and ports as compared with the country districts, on whose agriculture the prosperity of the country necessarily depends. This criticism, the authors of the report consider, is to some extent justified, but they go on to say that it ignores unduly the advantages conferred by the progressive improvement of means of communication in the interior, and the difficulty of accustoming the native Moors, who form the bulk of the rural population, to modern agricultural methods. The country appears to have emerged definitely from the boom period which reached its height in 1919-20. Its prosperity is still, however, dependent from year to year on very variable harvests which, in the absence of artificial irrigation on any considerable scale, are at the mercy of climatic conditions. The crops in 1924 were good. 1925 opened with unfavourable prospects owing to a prolonged drought during the first six weeks of the year. Copious rains in the latter part of February greatly improved the outlook, and the 1925 harvest is now regarded as having attained a fair average, taking the country as a whole.

The trade of the French Protectorate in 1924 maintained the trend of recent years towards an equilibrium between imports and exports, mainly through a good harvest and the rapidly developing phosphate industry. Statistics seem to point to a distinct movement towards brighter times ahead, and this impression appears to be reflected in a certain quiet optimism to be encountered here and there throughout the country, a most refreshing phenomenon after the lean years from 1921 to 1923. It must not, however, be forgotten, say the authors of this report, that the chief canker from which the com-

mercial community of this country now suffers is the multiplication, without rhyme or reason, and out of all proportion to the slow, if steady, agricultural development of the country, of the numbers of individuals and corporations striving to derive a living out of the same line of business. Where ten years ago there were tens, there are now hundreds, many of whom are prone to consider commercial morality as a fair weather factor only. Old-established and respectable firms are adversely affected by these over-versatile competitors, and the commercial reputation of the country tends to suffer correspondingly.

The Phosphate industry has continued to progress by leaps and bounds during both 1924 and 1925. The output rose from 225,395 tons in 1923 to 461,582 tons in 1924; shipments from 178,009 tons in 1923 to 411,101 tons in 1924. Figures for the first half of 1925 show a large increase proportionately on 1924, and the total export for the year is expected to be in the neighbourhood of 700,000 tons. The expansion of the European buying market admits of ready disposal of the increased output. France, Spain, and Holland were the principal buyers in 1924, Great Britain and Italy were also important buyers, the former taking 35,000 tons. Moroccan phosphates, for which an average phosphate of lime content of 76 per cent. is claimed, compete rather with the high grade American product than with the lower grades produced in Algeria and Tunisia. The financial statement of the Phosphates Administration for 1922 and 1923 gave rise to criticism on the ground that proper allowance was not made for first establishment and charges on capital. It was argued that in reality the enterprise was being worked at a loss. This criticism was met in the final balance sheet for 1924, in which the profit balance for the year of over 14,000,000 francs was completely assigned to capital charges, the wiping out of certain first establishment items, depreciation of material and a considerable strengthening of the reserve fund.

Speaking of industrial developments in other directions, the authors of this report note that the growth of miscellaneous industries is becoming more and more a prominent feature as the years go by. This kind of development was limited in its initial stages to modest enterprises, but it was not long before flour mills, cement works, saw mills, and repair shops, fitted with the most modern machinery, began to make their appearance. From this point onwards there has been a steady increase and expansion of local industry, which has explored and is still exploring new fields of activity. Much progress has been made in such industries as superphosphate manufacture, generation of electricity and fish canning. Apart from these, such varied enterprises as breweries, vegetable fibre-making, motor car painting and upholstery, candle making, soap making, brick and tile making, marble quarrying, ice making, printing presses, boat building, coal bunkering, olive oil pressing, wine growing, flax growing, market gardening and fruit farming are to be met with on every hand. British enterprise has had a share in these developments in so far as they relate to bunkering and milling.

From the point of view of British participation in the trade of the French Zone and its general development, this report may create a discouraging impression. The authors, however, point out that it is the considered opinion of many qualified observers that French Morocco is emerging from a period of economic depression into one of growing prosperity, and that, if equality of opportunity be maintained, British interests may hope to participate in this prosperity. As regards industry this optimism must be qualified by the observation that the citizens of France, the protecting power, must be expected to play a preponderating part. As regards trade, British merchants must be prepared to adapt themselves to new conditions and to face increasingly severe competition in lines in which British goods formerly held a very strong position. Merchants,

* H.M. Stationery Office. Price, 3s. net.

especially those dealing in goods which have long been known in the market, should not ignore the necessity of protecting their trade marks in the manner provided by the local legislation, which should be mastered under expert guidance. Finally, it should be remembered that, for the past four years, the French Zone has possessed an energetic British Chamber of Commerce, with its headquarters at Casablanca. This Chamber deserves the support of all who are interested in trade with Morocco.

CHILEAN GOVERNMENT FINANCES IN 1924.

According to Mr. C. A. McQueen, special agent of the Finance Division of the United States Department of Commerce, questions involving public finances have influenced economic, social, and political developments in Chile during the past few years. The new constitution adopted last August contains regulations covering budgetary procedure that are novel and advanced.

The long struggle for a stabilised currency appears to have been ended satisfactorily by measures adopted upon the recommendation of a commission of American financial experts who visited the country last summer. Other changes introduced by this commission included a new banking code and administrative improvements in the Customs service. A more scientific form will be given to the important internal revenue laws if the findings of the commission in this respect are approved. It is expected that the new Administration which takes office at the end of this year (1925) will thus find it easier to solve the problems that have arisen as the result of changes brought about by various phases of modern conditions.

The position of the United States as the chief customer of Chile's principal product, nitrate of soda, and the considerable investment by American people in Government and industrial securities in Chile, make it of interest to record the statistics of Chilean finances as they are available in official form. The annual report of the Director General of Accounting of Chile for 1924 gives the financial results of the year and the status of the public debt.

The ordinary revenue of Chile in 1924 was larger than that of any year since 1918. The amounts of the ordinary revenue for the last three years and the comparative totals, including the paper receipts—converted into gold at the annual average premium—were as follows:—

Year.	Paper pesos.	Gold pesos.	Total in gold pesos
1922 ...	120,225,950	91,425,231	133,025,906
1923 ...	128,002,882	148,277,493	192,722,938
1924 ...	168,699,699	155,459,528	209,185,547

The increase has been brought about chiefly by larger Customs returns, due to the revival of foreign trade after the depression of 1920–21, and, in some degree, to the adoption of a higher import tariff. (Export and import duties are collected in gold, and account for the major part of the gold revenue.) An effort has been made to raise more revenue from practically all forms of internal taxation, with only moderately successful results. The most noteworthy change in taxation has been the imposition of an income tax, which incidentally supersedes the old realty and personal property taxes. Most of the increase in paper-peso revenue in 1924 came from this source, as the law went into effect on January 1. Not all of the expected benefits were realised, owing to defects and difficulties that were revealed by practical experience with the new legislation. The returns in 1924 approximated 40,000,000 paper pesos, against about 100,000,000 estimated.

The expenditures of 1924, as compared with those of the two preceding years, were as follows:—

Year.	Paper pesos.	Gold pesos.	Total in gold pesos
1922 ...	377,172,635	62,846,524	193,356,086
1923 ...	382,941,688	78,179,970	211,142,362
1924 ...	430,557,891	82,234,129	219,354,476

The increase in the totals, as computed in gold, is nearly proportionate to the advance in actual ex-

penditures in gold pesos, and this, in turn, is closely parallel to the annual increases in Treasury appropriations for the service of the Public Debt. New obligations, both internal and external, were incurred from 1920 onward as the result of the large fiscal deficits from 1919 through 1921, which were caused by the adverse foreign trade conditions of those years and the consequent slump in Customs returns. It was also necessary to borrow money for railway improvements, postponed during the war period. While these new loans were being placed the old sterling debt was reduced at the rate of about £1,000,000 annually. There was no alleviation of its burden, however, since practically all items of the debt are served by fixed annuities which do not diminish with the reduction of the principal. The old sterling issues mature, or will be extinguished, chiefly from 1935 to 1950.

The nominal gold value of the revenues and expenditures in paper pesos did not vary greatly from 1922 through 1924, as shown by the following data:—

Year.	Gold premium, per cent.	Revenue. (Gold pesos, nominal.)	Expenditure.
1922 ...	189	41,600,675	130,509,652
1923 ...	188	44,445,445	132,962,392
1924 ...	214	53,726,019	137,120,347

These sums represent simply the conversion of the paper peso figures given in preceding tables, at the annual average gold premium as indicated. The depreciation in the value of the paper peso, dating from 1920, caused a rise in price levels which has been reflected in Budget increases for salaries and official maintenance. Internal revenue (collected mainly in paper pesos) would have fallen far below requirements had not new rates and more comprehensive schedules been adopted. This dislocation in the exchange value of the paper currency accounts in some measure for the inability to reduce the figures of outgo. On the other hand, there was a gain in the return from the conversion of surplus gold revenues into paper at a high premium. All in all, from a review of the data available, and with due regard for the difficulty of arbitrary restriction of expenses because of the growing demands for more efficient and scientific conduct of public functions, it seems reasonable to attribute the deficits of 1923 and 1924 to unusual demands on the Treasury for the financing of borrowings necessitated by the adverse fiscal results of 1919, 1921 and 1922.

In the latter part of 1924 steps were taken to obliterate the floating debt accumulated by the Treasury since the end of 1918. At the end of 1923 this unfunded carry over amounted to 92,132,321 paper pesos and 24,278,164 gold pesos. To begin with, special creditor accounts representing the setting aside of certain revenues (15 per cent. of import duties) were written off. An internal loan of 40,000,000 paper pesos was sold to a local bank. The proceeds of a sale of nitrate lands, to the amount of 20,124,518 gold pesos and the payment of 16,992,664 gold pesos for leases of grazing lands in Magellan Territory were also applied. As a result of these operations, combined with the ordinary accounts of the year, the total deficit or floating debt as of the end of 1924 was reduced to 24,033,134 paper pesos and 3,373,938 gold pesos.

The status of the funded public debt at the end of 1923 and 1924 respectively was as follows:—

Item.	End of 1923.	End of 1924.
Debt in pounds sterling ...	33,021,871	32,830,063
Debt in dollars ...	55,434,800	51,490,000
Debt in gold pesos ...	4,558,000	4,390,000
Debt in paper pesos ...	189,652,569	206,247,894
Guaranty in pounds sterling ...	542,000*	542,000*
Guaranties in paper pesos ...	40,633,000	40,899,000

In addition, the Government was responsible for the principal of 42,533,890 paper pesos in quitrents, and had guaranteed various municipal loans which are served with local revenues remitted to the central Treasury.

* It is not known whether the principal of this guaranty—issue of bonds of the Chilean Transandine Railway Co. Ltd.—has been reduced.

Two new obligations in sterling appear on the official records for 1924. They are for £500,000 and £525,000, respectively, at 6 per cent. interest, and represent advances from British banking institutions. The proceeds are to be applied to port construction now under way.

THE ECONOMIST'S BOOKSHELF.

THE QUESTION OF POVERTY.

Has Poverty Diminished? 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.)

This book is a sequel to *Livelihood and Poverty* by the same authors, and it contains the results of investigations made in 1924 into the economic conditions of working-class households in the following industrial towns: Northampton, Warrington, Reading, Bolton and Stanley. The question propounded in the title of the present volume is one which, in spite of all appearances to the contrary, it is far easier to formulate than satisfactorily to answer. We have, most of us, met with innumerable informers prepared to swear that now, and since the War, the working classes have entered on better days, and enjoy a weekly revenue and expenditure on a scale inconsistent with the tragically told annals of the poor. One has only to cite a "hard case" and he is refuted with a whole batch of instances which baffle any such contention as the "poverty of the masses." The method is, of course, unsound, and like most of the other attempts to answer the question—*Has Poverty Diminished?*—withers away in a vicious circle. It is, therefore, of interest to know that the authors of the present work take the earliest opportunity of acknowledging that they have found no means of estimating how far the changes in wages and in personnel have affected the proportion of persons who are in a condition of poverty, "or of answering the question that forms the title of this book." If an answer could have been found no one is better equipped and able to find it than Prof. Bowley, but after years of experience in the conduct of such enquiries he knows very well how utterly impossible it is to get even two or three people to agree upon a measure or standard of test, and so it satisfies him to marshal, with Miss Hogg's assistance, a most formidable array of facts together with a number of comparative statements in a volume which can only enhance the reputation both of himself and his collaborator.

In the introductory chapter it is stated that the causes of poverty may be considered to lie in two groups: the broken families in which the father or husband is dead or not able to earn, and those in which he is normally at work but at insufficient wages. The former group depends on earnings of women or children (young or adult), on pensions, savings or property, or on some form of charity. As a result of this enquiry it is found that the relative number of such families in existence has changed little, in spite of the number of war widows included. The number in poverty has diminished considerably in all the towns examined except Stanley. Details are given, and it may be seen from the chapters devoted to individual towns in how many families there is a man past work or disabled, and in how many there is no man at all. Taken all together, these families present the numerical aspect of old age and superannuation pensions, of widows' pensions, and of the question of providing for children who have no natural supporter and of adults incapable of work. The situation in regard to these is better than it was in 1913: such households without sufficient means to reach the minimum standard adopted for the purpose of this enquiry unless assisted by Poor Relief or charity amount to only 2½ per cent. of all working class households; in

a town of 100,000 persons there are about 350 such cases, and the number in all the towns together is about half that in 1913; in other words, the extent of the problem relating to such families has been halved in eleven years.

The reduction has been found to be even greater in the group which are in poverty because the natural supporter of the family earns insufficient wages at regular work. In *Livelihood and Poverty* the opinion was expressed that "to raise the wages of the worst paid workers is the most pressing social task with which the country is confronted to-day." The authors point out that that task has been now accomplished, so far as rates of wages are concerned, though employment has not yet been permanently possible for all at these rates. They go on to say, however, that it is certainly conceivable that industry cannot in every compartment bear the existing wage-rates, but it may be held that wages are not responsible for more than a fraction of unemployment, and till the present depression is passed this question cannot be settled. It is affirmed that the weekly wages for unskilled urban labour have during the past ten years risen relatively more than the wages of skilled men. The former have practically doubled themselves in ten years, while the cost of the minimum standard had risen by the summer of 1924 by about 70 per cent. This assertion is supported well by the facts ascertained by the enquiry in Reading.

These two movements together have had a very striking effect on the relative numbers in poverty. The proportion of families, in which a man is normally earning, found to be in poverty was in 1924 only one-fifth of the proportion in 1913, if full employment is assumed; while if the maximum effect of unemployment is reckoned, it is a little over one-half. Such, and many other aspects of the problem of poverty are dealt with at considerable length in this volume, and coupled with a mass of really useful statistical material, make the whole work of immense importance to students not only of poverty but of all other social problems.

FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW



IN THE CURRENT ISSUE

(January)

- EDUARD BENES...*After Locarno: the Security Problem To-day*
 R. R. KUCZYNSKI.....*A Year of the Dawes Plan*
 SIR FREDERICK WHYTE...*Political Evolution in India*
 F. SCHNEIDER, JR. *Sugar*
 WALTER LIPPMANN *Concerning Senator Borah*
 GEORGE W. WICKERSHAM
 The Codification of International Law
 ANONYMOUS *The Campaign in Morocco*
 GEORGES THEUNIS..... *Belgium To-day*
 EDWARD P. WARNER ... *International Air Transport*
 GAETANO SALVEMINI ... *Italian Diplomacy during the World War*

and other important articles

NOW ON SALE

at leading booksellers or through

THE INTERNATIONAL NEWS COMPANY LTD.,

5, Bream's Buildings, London, E.C. 4.

Subscriptions, \$5 a year, post free

(Through any agency or direct from the publishers)

FOREIGN AFFAIRS, 25 West 43rd St., NEW YORK, N.Y.

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								
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	„ 8	150.8	
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.

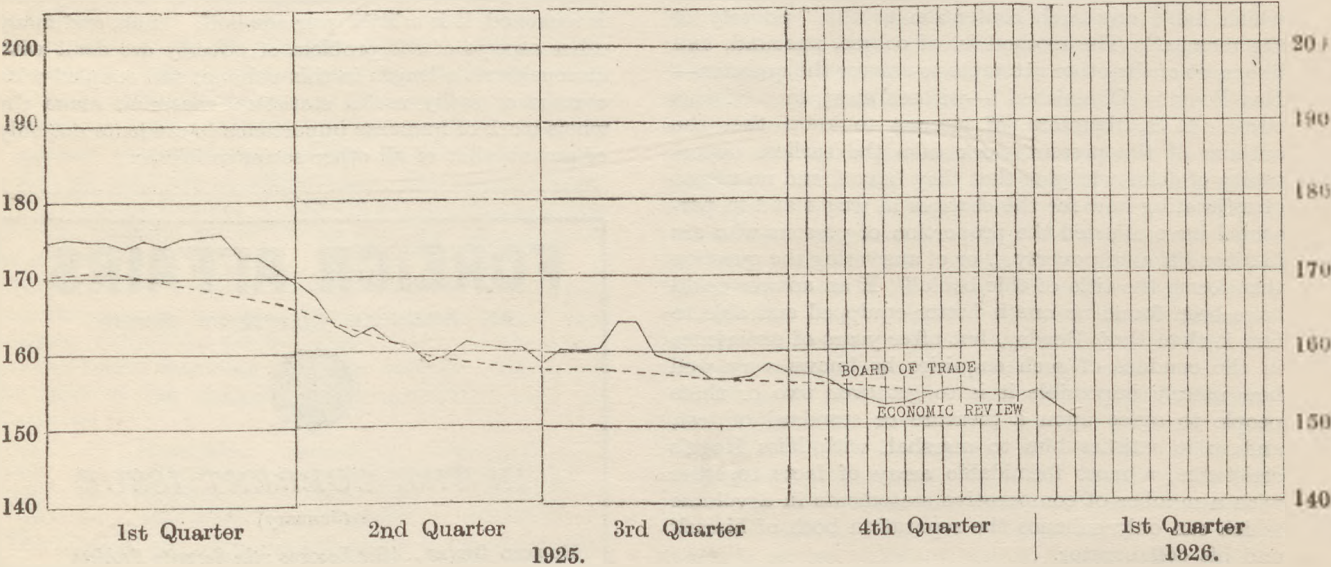


TABLE II.

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 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
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
„ 8 ...	72.2	166.3	57.5	112.3	90.0	111.1	104.3	117.8	97.1	76.5	100.51	... „ 8

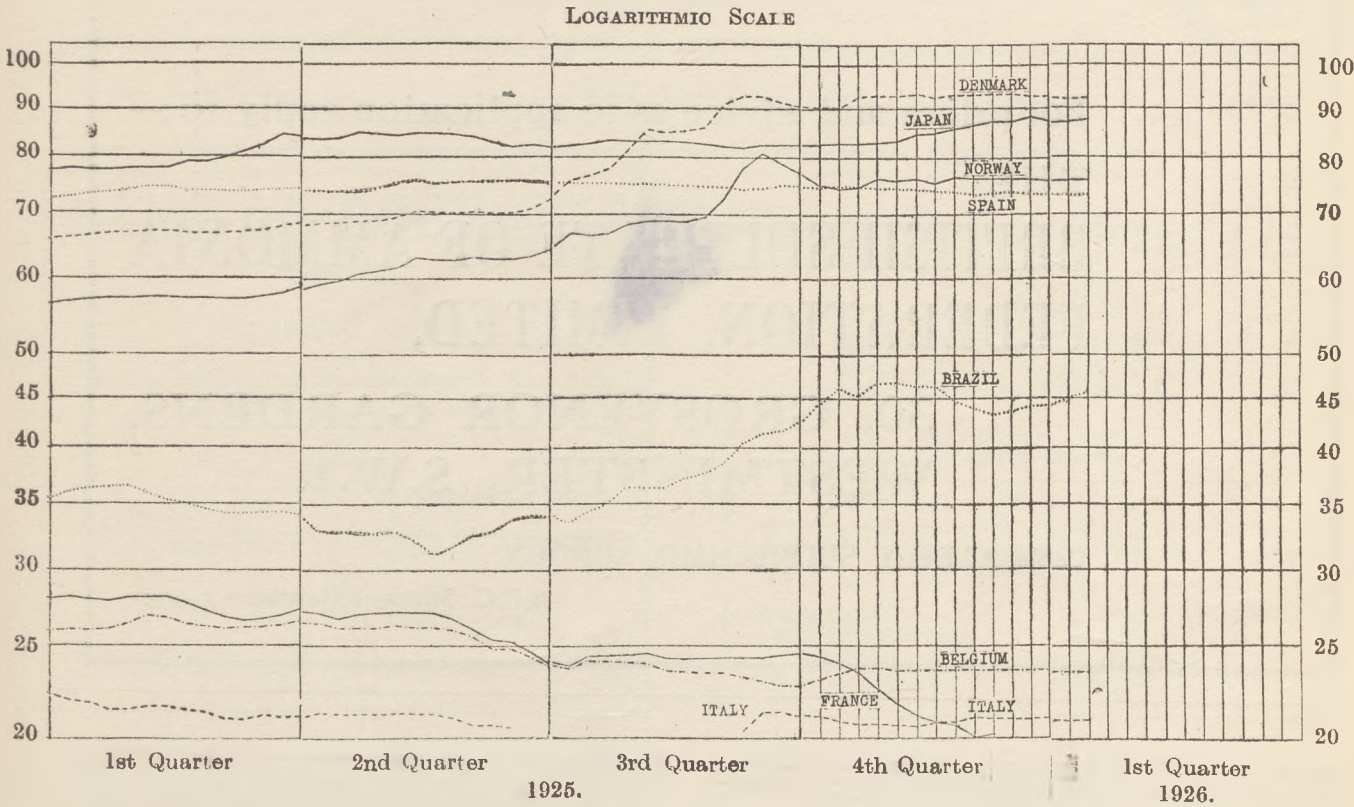
* Revised Quotation.

THE PAPER CURRENCIES.

(Percentage of Dollar Parity to Week ending January 9, 1925.)

Week Ending	Denmark.	Japan.	Norway.	Spain.	Brazil.	Belgium.	Italy *	France.
Jan. 9	92.5	87.7	75.9	73.3	45.7	23.5	20.9	19.9
" 2	92.3	87.3	75.9	73.3	45.1	23.5	20.9	19.4

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



SECURITY PRICES.

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

IN NEW YORK.			IN LONDON.		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	80.3	90.4	105.4	93.3	Nov. 8	130.1	103.7	133.7	120.4
Oct. 29	91.1	92.0	91.7	94.4	Dec. 20	143.5	101.3	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	" 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	111.7	" 27	160.0	104.7	123.7	113.0
Oct. 14	127.6	104.4	114.5	112.3	July 18	165.9	103.2	120.4	115.5
Nov. 25	114.4	102.0	115.0	115.4	Aug. 1	165.8	101.5	122.2	115.7
1923, Jan. 1	121.7	102.5	119.5	113.3	" 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
" 24	127.3	97.8	129.0	118.1	" 14	192.8	102.9	135.0	114.6
Apr. 28	124.1	99.3	137.9	122.8	" 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	105.7	99.7	126.5	119.7	" 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
" 19	119.1	100.1	119.1	112.2	" 9	196.1	103.6	135.1	113.1

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

SULPHATE OF AMMONIA.

The Best and Most Economical Form of Nitrogen.

For prices and advice as to application apply to:—

**THE
BRITISH SULPHATE OF AMMONIA
FEDERATION, LIMITED,**

**30, GROSVENOR GARDENS,
WESTMINSTER, S.W.1.**

Cable Address: SULPHAMMO, LONDON.

A.B.C. 5th and Bentley's Codes.

Beta Naphthol & Salicylic Acid Prussian & Bronze Blues

Distilled Tar.	Solvent Naphtha.
Crystal Carbolic Acid (39/40° C).	Liquid Carbolic Acid (Cresylic Acid).
Creosote.	Disinfecting Fluid.
Pyridine.	Pitch.
Naphthaline (in various forms).	Black Varnish.
	Anthracene.
	Toluole.
	Bleaching Powder (35/37%).
Liquid Ammonia.	Sulphate of Ammonia (25½% Neutral Quality).
Prussiate of Potash.	Prussiate of Soda.

The GAS LIGHT & COKE CO.,

DAUNTSEY HOUSE
FREDERICK'S PLACE
OLD JEWRY
LONDON E.C.2

Telephone: CITY 3660 and 3661.
Telegrams: Foreign, "Blangus, London."
Inland, "Blangus, Thread, London."

BALLOON BRAND