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Vol. XIII. No. 4.

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ECONOMIC SURVEY

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

AUSTRIA

POLITICAL AND GENERAL

Economic Conditions at the beginning of January.

—The necessity realised by the chief organisations of Austrian economic life, the work-givers as well as the employes and labour unions, to make practical contributions towards the solution of the difficulties which beset production here is an outcome of the conviction, which had been imposing itself in all quarters already more than a year ago, that the financial sanitation, which can be considered as accomplished, must be followed by a constructive policy aiming at the development of trade and industry. The increase of unemployment, which nobody in a responsible position can take lightly, demonstrates the urgency of a broad-minded economic programme. Opinion is, of course, divided in regard to the way which may lead to that object and as to whether any of the suggested methods, which are naturally influenced to some extent by regional interests and by existing social conditions, are at all capable of ensuring complete success. The Chamber of Labour was the first to come before the public with a detailed plan, which is on the whole a replica of the scheme for combating unemployment advocated in Great Britain by Sir Alfred Mond. The work-givers in Industry, Commerce and Finance have not yet drawn up their programme, which will be concerted in conferences between the various organisations and drafted in committee. Against the plan submitted by the Chamber of Labour various objections are made in addition to the exception which was taken against the system in Great Britain when Sir Alfred Mond propounded it there. A fear is expressed in some quarters that the adoption of the plan might not only amount to putting a premium on the commercial incapacity and lack of foresight, but that the limited financial resources of the country and considerations connected with the foreign trade situation of Austria are also opposed to an adoption of the Labour Programme in an undiluted form. It is admitted, however, that the memorandum of the Chamber of Labour is not of a polemical nature and contains some elements at least of an attempt to deal with the critical conditions prevailing in some branches of the economic life. It is questionable, however, whether even a broad-minded internal economic programme can deal effectively with the difficulties besetting production and trade. In spite of difficulties peculiar to Austria which prevent the full development of these forces here, the case of Austria is by no means unique in world economics, and the critical conditions with which other countries have to contend point to the conclusion that international agreements conceived in a liberal spirit are an indispensable condition if industry and commerce are to reach their pre-war volume. The difficulties under which Austria has been labouring are primarily due, on the whole, to two circumstances, to the lack of a sufficient amount of long term credits for the renewal and extension of the industrial equipment and to the fact that the hold of Austrian industry on some of the Succession

States markets, on which for geographical reasons the country is chiefly dependent, is insecure owing to frequent increases of Customs duties and unexpected changes of policy there. Hence it is obvious that an Austrian economic programme can exercise an indirect influence only on these conditions, that its scope will thus probably be limited to combating certain consequences of the prevailing state of things, and that all efforts should be made to arrive at an international economic rapprochement in the interests of all European States, so many of which are acutely suffering under existing conditions.

State Finances.—A complete survey of the financial position in Austria will be possible as soon as the preliminary accounts for the last two months of 1925 are available. There is no doubt, however, that the situation has been far easier than the provisions of the Budget led one to anticipate, in so far as any rate as the deficit will be found to have been very much below the estimated figures. The Preliminary Budget for January 1926 is as follows :—

Revenue	75.90	mill. schillings
Current expenditure	74.97	” ”
	+ 0.93	” ”
Capital expenditure	8.02	” ”
Budgetary deficit	— 7.09	” ”
Surplus of Current Account	7.91	” ”
	0.82	” ”
Total surplus	0.82	” ”

Bank Policy and the Bourse.—During the last week of 1925 the demands made on the National Bank had grown considerably and in the statement dated January 7, 1926, which showed the position on December 31, discounts figured again with 180 million schillings. From the National Bank's point of view, this increase is welcome because the issuing bank obtains a larger measure of influence over the money market if a greater proportion of short term credits required by private economy flow from that source, *i.e.* the discounting of commercial bills. It should be observed, besides, that with a total circulation (notes plus current account liabilities) on December 31, of 945 million, discounts only amounted to 19 per cent. of that figure, while the gold and foreign currencies reserve stood at 513 million, or, if the item "Other foreign bills" is included, even at 573 million schillings. A drop of discounts, however, is anticipated in the course of this month, as the larger demands made on the National Bank towards the end of December were due to the increase of money requirements normal at the end of a year.

The Bourse, which during the second half of December had been almost completely listless, has shown a firm disposition since the first days of January such as had not been witnessed for many weeks. The improved spirit is due, in the first place, to considerable foreign orders, which were followed by covering transactions of the bears who felt the ground under their feet becoming insecure, and to some extent also to a slight revival of interest for first-rate shares among the public here. A large number of descriptions registered considerable

advances, but according to expert opinion the level of prices is still extremely low. While this holds good of Austrian stocks in general, there are a number of shares where the disproportion is particularly great.

Production and Labour Market.—There is, on the whole, little cause for satisfaction in regard to the industrial situation, as is evidenced by the number of unemployed in receipt of relief, which is 34 per cent. higher than it was this time last year. The financial and economic crisis in Poland, that country being one of the most important markets for Austrian industrial products, and the sharp Protectionist tendencies in other States which are natural outlets for this country, have had an unfavourable influence on the situation of Austrian industry. Some lines, however, are very well employed. High-grade steel works can only cope with the demand with the greatest exertion and rolling mills producing thin and medium plate are in a similar position. The situation in metal foundries has improved in comparison with the previous year. In the engineering line factories making agricultural machinery have a fair amount of orders for the home market and for Russia. The sales of mechanical tools have improved. In the automobile industry works producing motor lorries are relatively well provided with orders, while business in passenger cars is less satisfactory. A number of orders for machinery destined for hydro-electric power stations are still in course of execution, but the respective factories are not fully employed. Considerable commands for wood-working machinery have been placed by various firms in the Balkan States. In view of the boom in the paper industry, the mills are steady buyers of paper-making machines. Austrian beetroot production has grown most satisfactorily. Sugar factories have renewed their equipment within the last few years, and the industry provides work for 3,500 hands during the campaign, not including agricultural labourers employed in the cultivation of beetroot. This year's campaign was excellent and the crop larger than in the preceding period. In the clothing industry conditions are unfavourable, as sales abroad meet with very great difficulties and the home seasonal trade was prematurely cut off.

Since January 1 the Inland Labour Protection Act has been in force, which makes the employment of wage-earners, who for one reason or another are leaving their present occupation or have left it, dependent upon their having had a permanent abode in the country since January 1, 1923. It is doubtful, however, whether the law can in any way perceptibly ease the tension on the labour market.

Foreign Trade Policy.—The foreign trade policy of the country, which has at all times been considered the crucial point of the situation in Austria, will naturally occupy a large space in the various economic programmes which will shortly be put forward. There is an almost complete consensus of opinion that Austria cannot alone of all Central European States be guided exclusively by Free Trade principles, though such a policy would under other circumstances suit the country best. The same point of view, though in a somewhat veiled form, finds expression even in the memorandum of the Chamber of Labour. Future trade treaty negotiations will, at any rate, mark to some extent a breach with tradition in so far as Austria will make concessions only when and where full and clearly defined compensations in the shape of an abandonment of the import restriction policy are obtainable. (*Association of Austrian Banks and Bankers' Report.*)

FRANCE

POLITICAL AND GENERAL

The Political Situation.—The fiftieth anniversary of the foundation of the Third Republic was commemorated in the Chamber in an eloquent address delivered by the President, M. Herriot, in praise of the great work accomplished by Parliament during the past half century, and at the sittings of the Finance

Committee of that same Chamber by a determined and successful attempt to wreck the honest and statesman-like attempt of the Briand Government to solve the financial crisis which threatens to ruin the immediate economic future of the country. At successive stages of its proceedings the Socialist Radical and Socialist majority of the Finance Committee has excised from the Government Bill the proposals for the establishment of a Sinking Fund and for the repayment to the Banque de France of the advances amounting to two milliards made by it to the Treasury; insisted that the three milliards of revenue expected from the Loucheur taxes voted in December should not be used to balance the 1926 Budget; and rejected the proposed tax on payments, which would have provided M. Doumer with Fr.3,800,000,000 of revenue for the relief of the Treasury, and this notwithstanding the Finance Minister's declaration that in no other way could the money be obtained promptly and regularly. This last proposal was perhaps the most crucial feature of the Government scheme, and M. Doumer, considering that its rejection cut at the very foundation of his policy, challenged the Committee either to declare itself for the Government scheme or for the rival scheme set up by the Socialist Radical and Socialist majority, declaring that in any event the Government would stand by its proposed tax on payments when the issue came before the Chamber. The anti-Government majority affecting to construe this challenge as an invitation to the Committee to produce an alternative scheme of its own, proceeded with its destructive work, in the absence of the minority, which to the number of thirteen, withdrew from the committee room, after a protest entered by M. Dariac to the effect that, the Committee having rejected all the essential features of the Government scheme, the minority, realising that all further effort would prove fruitless and anxious to hasten the hour of the public debate, refused to take any further part in its proceedings. The debate in the Chamber is expected to open on the 22nd, and if the Government stand firm it is thought that defeat is inevitable. The result may be a reconstituted Briand Cabinet in which the four or five dissentient Ministers will be replaced by members selected from the Radical Party, the Centre and the moderate Right, though considerable doubt exists as to whether the last-named would be prepared to come to the assistance of a Cartel Administration. On the other hand, should the Government give precedence to the rival scheme of the Finance Committee and this be carried, as it no doubt would be, then the final issue would have to be fought out in the Senate. In this case, it is generally felt that the Socialist Bill would be sent back to the Chamber, when the long threatened conflict between the two Chambers would break out.

As if the financial troubles of the Cabinet were not sufficiently perplexing, with a depleted Treasury and a monthly deficit of over a milliard and a half, the Government is now threatened with a demand from the Accounts Committee for an increase in the Parliamentary stipend of Fr.15,000, from Fr.27,000 to Fr.42,000, and further with an agitation by the Federation of Civil Servants' Unions for the immediate distribution of the amount voted by Parliament for the increase of their salaries and wages, and also for a sliding scale in respect of them, the sum in question being well over a milliard. But the Government, too, would appear to be equally anxious to add to their difficulties, for the Minister of the Interior has acceded to the request of the Universal Suffrage Committee that the promised debate on its resolution in favour of an electoral reform providing for the return of deputies by a simple majority, whether under the *scrutin de liste* or the *scrutin d'arrondissement* system, be fixed for February 4. The Cartel des Gauches makes no secret of its determination, in view of the next general election, to re-introduce the *scrutin d'arrondissement*, in the hope that its present majority in the Chamber may be not only perpetuated but strength-

ened. Whether these expectations are likely to be realised, however, is none too certain. The *scrutin d'arrondissement*, or the method of single electoral districts, was in operation from 1876 to 1885, when the *scrutin de liste*, or the method of election of all the deputies from each Department on a general ticket, was re-introduced, in the hope of swamping the reactionary minority, with the result, however, that the Reactionaires gained rather than lost seats. The Republicans, therefore, reintroduced the *scrutin d'arrondissement* before the general election of 1889. The system remained in force for thirty years, but, not proving satisfactory, the *scrutin de liste* was restored in 1919, and it was under this system that both the Bloc National in that year and the Cartel des Gauches at the next general election won such signal victories over their opponents.

FINANCE

Revenue Returns for December.—The revenue returns for December in respect of the General Budget, omitting therefore the receipts from Posts, Telegraphs and Telephones which are included in a separate account, amounted to Fr.3,752,319,900 as compared with Fr.2,853,000,000 in December 1924, or an increase of Fr.899,319,000. There is also a substantial improvement as compared with the previous months of last year, when the revenue was either below or equal to the receipts in the corresponding months of 1924. This is largely due to the payment of direct taxes consequent on the issue of notifications sent out since the beginning of November; but the yield from indirect taxation also shows an increase as compared with that of December 1924, in which month the returns were below those of any of the four previous months. Included in the total of Fr.3,752,319,900 is a sum of Fr.131,387,200 derived from special and miscellaneous sources and *recettes d'ordre*, Fr.82,194,800 of which represents the proceeds from the war profits tax. The ordinary permanent revenue, therefore, amounted to Fr.3,620,932,700 as against Fr.2,729,483,400 in December 1924 and an average of Fr.2,153.6 in the whole of that year. This amount establishes a record and is nearly Fr.700 million above the previous highest yield, viz. Fr.2,947 million in October 1924.

The ordinary permanent revenue for December shows an increase of Fr.891,449,300 as compared with December 1924, including Fr.531,708,800 from direct taxation and Fr.367,014,000 from indirect taxation and monopolies. The total under this heading, viz. Fr.3,620,932,700, was made up as follows: Direct taxation, Fr.1,571,508,200; Public Domain, Fr.531,708,000, or a decrease of Fr.7,273,500 as compared with December 1924, though Fr.3,211,800 in excess of the Budget estimate; and Fr.2,013,545,000, or Fr.124,434,000 over and above the Budget estimate. The following table shows the yield from the various categories of indirect taxes and monopolies as compared with the returns for December 1924 (in thousands of francs):—

	Difference com	
	December 1925.	pared with Dec. 1924.
<i>Indirect Taxation.</i>		
Registration on transfer of property ...	503,929	+ 120,331
Stamp duty	128,383	+ 40,417
Duty on Stock Exchange transactions ...	26,482	+ 18,812
Tax on securities	66,866	— 6,053
Luxury tax... ..	3,088	+ 807
Turnover tax	400,462	+ 50,365
Customs duties	150,383	+ 3,048
Indirect contributions	304,358	+ 11,967
Colonial produce	21,744	+ 2,441
Salt tax	4,392	+ 467
Sugar and saccharine duty	42,310	+ 6,357
Petrol and petroleum	50,257	+ 15,096
Benzol	988	— 379
<i>Monopolies.</i>		
Indirect contributions and various undertakings	309,603	+ 103,938
Total	2,013,545	+ 367,014

The proceeds from the turnover tax were Fr.50,365,000 in excess of those for December 1924, but Fr.31,253,000

below the Budget estimate. Those from the first five items in the above table, amounting to Fr.728,748,000 show an increase of Fr.173,714,000 as compared with December 1924 and one of Fr.87,169,000, or 14 per cent., over and above the Budget estimate, made up largely from the yield of the tax on transfer of goodwills and real property, death duties and on the duty on Stock Exchange transactions. Customs duties (including the duties in respect of mineral oil), colonial produce, petrol and petroleum, benzol, salt, sugar and saccharine yielded Fr.224,652,000, or Fr.21,538,000 more than in December 1924 and Fr.1,419,000 in excess of the Budget estimate. Indirect taxation, including duties on consumption, gave a total of Fr.658,527,000 or Fr.121,070,000 more than in December 1924 and Fr.66,902,000 over and above the Budget estimate.

Direct taxation produced a total of Fr.1,571,508,200 in December, or Fr.531,708,800 more than in December 1924.

Finally, the revenue from Posts, Telegraphs and Telephones, which is not included in the General Budget, amounted in December to Fr.180,560,000, or Fr.27,232,000 more than in December 1924 and Fr.9,362,500 in excess of the Budget estimate. (*Le Temps.*)

The Revenue for 1925.—With the publication of the December returns reviewed above, it is possible to produce a complete return of the revenue for 1925. This reached a total of Fr.29,488,239,700, of which Fr.28,357,947,800 represents the proceeds from ordinary permanent revenue and Fr.1,130,291,900 from special and miscellaneous sources and *recettes d'ordre*. But the moneys voted so far for the financial year 1925, including supplementary estimates, amount to Fr.34,247,858,046, of which, however, Fr.1,275.5 million was to have been derived from the operation of the Dawes Plan. The deficit, therefore, in respect of the General Budget for the past year comes, in round figures, to three and a half milliard francs. The following table shows the returns in respect of ordinary permanent revenue month by month for the financial years 1925 and 1926 :—

	1925.	1924.
January	Fr.2,676,311,200	Fr.2,080,571,400
February	1,869,567,400	1,820,089,600
March	1,979,869,900	1,960,639,100
April	2,841,978,000	2,194,400,100
May	1,893,137,260	1,700,659,000
June	1,811,120,300	2,001,173,900
July	2,420,797,300	2,420,978,300
August	1,732,782,800	1,690,073,100
September	1,768,622,900	1,920,434,600
October	2,885,306,200	2,947,097,200
November	2,857,511,900	2,376,544,400
December	3,620,932,700	2,729,483,400

The sum of Fr.28,357,947,800 obtained in respect of ordinary permanent revenue shows a surplus of Fr.2,523,257,100 over and above the corresponding figures for 1924, made up as follows: Fr.2,021,816,500 from indirect taxation and monopolies, Fr.486,122,100 from direct taxation and Fr.15,318,500 from the Public Domain.

The total obtained from indirect taxation and monopolies was Fr.21,724,979,000, or Fr.2,021,816,500 in excess of the returns for 1924 and Fr.188,730,000 over and above the Budget estimate. The turnover tax yielded Fr.4,535,118,000, or Fr.444,636,000 more than in 1924 and Fr.109,043,000 over and above the Budget estimate. The proceeds from the registration on transfer of property, the Stamp duty, the duty on Stock Exchange transactions, the tax on securities and the luxury tax reached a total of Fr.8,294,507,000, or Fr.997,931,000 more than in 1924 and Fr.83,103,000 over and above the Budget estimate. Customs supplied Fr.2,212,748,000, while indirect taxation, including duties on consumption, yielded Fr.6,675,480,000, or Fr.793,004,000 more than in 1924 and Fr.285,785,000 in excess of the Budget estimate.

The proceeds from direct taxation amounted to Fr.6,293,390,300, including Fr.5,954,736,500 from income tax. The total was Fr.486,122,100 in excess of the amount obtained in 1924.

Posts, Telegraphs and Telephones produced Fr. 1,689,890,000, or Fr.206,159,000 more than in 1924 and Fr.47,025,500 over and above the Budget estimate. In comparing the returns for the two years, however, it must be remembered that postal and telegraphic rates were raised in July last.

The following table gives the returns from (a) Direct taxation, in francs; (b) Indirect taxes and Monopolies, in thousands of francs; and (c) the Public Domain, in francs—for 1925 and 1924:—

	(a)	(b)	(c)
1925.			
January ...	599,906,000	2,066,285	10,120,200
February ...	465,056,100	1,394,796	9,715,300
March ...	416,247,100	1,551,220	12,402,800
April ...	726,637,400	2,104,513	10,827,600
May ...	260,093,500	1,622,301	10,742,700
June ...	185,557,900	1,613,561	12,001,400
July ...	163,232,300	2,239,042	18,523,000
August ...	162,462,500	1,553,768	16,552,300
September ...	155,701,600	1,572,402	40,519,300
October ...	508,107,600	2,262,103	115,095,600
November ...	1,078,870,100	1,731,443	47,198,800
December ...	1,571,508,200	2,013,545	35,879,500
1924.			
January ...	398,147,100	1,672,631	9,793,300
February ...	476,851,300	1,334,038	9,200,100
March ...	388,013,700	1,555,063	17,562,400
April ...	313,342,000	1,870,907	12,151,100
May ...	272,258,700	1,417,611.5	10,788,800
June ...	523,450,200	1,464,121	13,602,700
July ...	275,161,400	2,119,733	26,083,900
August ...	239,717,700	1,435,582	14,773,400
September ...	394,185,800	1,498,716	27,532,800
October ...	733,683,300	2,129,175	84,238,900
November ...	762,110,800	1,559,054	55,379,600
December ...	1,039,799,400	1,646,531	43,153,000

The total receipts for the year are made up as follows:

Direct taxes	Fr.6,293,390,300
Indirect taxes and Monopolies	21,724,979,000
Public Domain... ..	339,578,500
Total of ordinary permanent revenue	Fr.28,357,947,800
War profits tax	703,900,300
Liquidation of stocks	52,447,300
Recettes d'ordre and various other sources	373,944,300
Total of extraordinary revenue	Fr.1,130,291,900
Grand total	Fr.29,488,239,700

The Minister of Finance also publishes the following classified analysis of the returns for 1925:—

Ordinary Permanent Revenue.

1. Direct Taxes on Incomes—	
General income tax and impôts cédulaires, including property tax	Fr.5,954,736,500
Other direct taxes	338,653,800
Tax on income from securities	1,936,931,000
	8,230,321,000
2. Tax on Wealth and Stamp Duties—	
Registration of transfer of property	Fr.5,118,405,000
Stamp duties	1,070,987,000
Tax on Stock Exchange transactions	148,254,000
	6,337,646,000
3. Sumptuary Taxes—	
Luxury tax (on sales between private persons) and 10 per cent. turnover tax	Fr.689,807,500
Entertainment tax	80,694,000
Motor cars	311,275,000
Assay fees on gold and silver articles	15,136,000
	1,096,912,500
4. Receipts from Non-necessaries—	
Alcohol	Fr.1,689,823,000
Tobacco	2,333,456,000
Powder	111,503,000
	4,134,782,000
5. Taxes on Articles of Consumption properly so called—	
Turnover tax not included in the 10 per cent. turnover tax	Fr.3,865,240,500
Customs	1,485,868,000
Indirect taxes	1,598,595,000
Colonial produce	221,375,000
Salt	39,898,000
Sugar... ..	425,570,000
Petrol and petroleum	423,733,000
Benzol	16,270,000
Lighters and matches	135,032,000
	8,211,581,500

6. State Domain and Government Undertakings—

Domain	Fr.339,578,500
Various undertakings (official journals)	7,126,000
	346,704,500
Total	Fr.28,357,947,800
<i>Extraordinary Revenue.</i>	
Excess profits duty	Fr.703,900,300
Liquidation of stocks	52,447,300
Recettes d'ordre and various proceeds	373,944,300
	Fr.1,130,291,900
Grand total	Fr.29,488,239,700

Comparing the various yields in respect of ordinary permanent revenue as tabulated above with those for 1924 the following increases appear:—

Direct taxes on income	Fr.739,514,100
Tax on wealth and Stamp duties	744,094,000
Sumptuary taxes	202,666,500
Receipts from non-necessaries	458,221,000
Taxes on articles of consumption properly so called	362,740,500
State Domain and Government undertakings	16,021,000
Total increase	Fr.2,523,257,100

The surplus for 1925 of Fr.2,523,257,100 over 1924 is accounted for as follows, but the figures given in *Le Temps* show a discrepancy of Fr.9,463,400:—

	Fr.
January	+ 595,739,800
February	+ 49,477,800
March	+ 19,230,800
April	+ 645,677,900
May	+ 192,478,200
June	— 190,053,600
July	— 181,000
August	+ 42,709,700
September	— 151,811,700
October	— 61,791,000
November	+ 480,967,500
December	+ 891,449,300

The principal increases as compared with 1924 were as follows: Income tax, Fr.490,499,900; movable property duty, Fr.253,392,000; registration duties, Fr. 512,278,000; tobacco duty, Fr.300,147,000; and turnover tax, Fr.359,707,500. (*Le Temps*.)

AGRICULTURE

The Next Wheat Crop.—For several years past French farmers have striven hard to increase their wheat returns. The wider and more intelligent use of fertilisers, the use of select seed, the selection of varieties best suited to the nature of the soil, and the fight against weeds with diluted sulphuric acid as recommended by M. Rabaté have yielded gratifying results, as shown by the fact that for a total sown area only just greater than in 1924 the crop in 1925 gave a return exceeding that of the previous year by 13 million quintals. Taking into consideration the relatively high prices of wheat recorded, farmers in the autumn laid themselves out to grow on a greater scale. Unfortunately in the Midlands, the Beauce and the Nord the heavy rains in November, followed by the hard frost, interfered with farming operations, with the result that the area under wheat shows a decrease of 250,000 hectares as compared with 1924. Moreover, this decrease is largely accounted for by the northern departments, which usually produce one-fourth of the whole of the French wheat crop. It is a question whether this loss can be made up by spring sowings. At any rate the Minister of Agriculture had enquiries made as to the amount of seed available for useful sowing in February and March, and supplied to the various chiefs of agricultural boards lists of merchants for the information of farmers; likewise full information as to the kind of fertiliser to use and as to the land best suited for spring sowing. The Department of Agriculture is doing its utmost to encourage the use of fertilisers; premiums in connection with the use of nitrogenous fertilisers are given, and the Minister at the head of that department has taken steps to ensure that metallurgists supply dephosphorated dross promptly at a reasonable price. (*Le Temps*.)

GERMANY

POLITICAL AND GENERAL

The Economic Situation in December.—The Report of the Prussian Chamber of Commerce for December states that the economic crisis which set in in the second half of 1925 became very acute in that month. Only in some branches of the foodstuffs industry and Upper and Lower Silesian hard coal and Central German lignite mining is the situation slightly better. The tobacco industry and retail trade have also derived slight benefit from the Christmas trade. Whether the flood catastrophe which occurred toward the end of the month will bring with it extensive damage to economic conditions it is impossible to foresee at present. In the Ruhr mining district the increased demand usually forthcoming in previous years in December has only been perceptible to the slightest degree. The coal market suffered from the depreciation of the iron and steel industry and the results of the subvention policy of the British Government. In Upper Silesia a daily average of 60,000 tons was produced (in November 59,499 tons). The Eastern Upper Silesian import quota of 500,000 tons was easily equalised by increased production in Western Upper Silesia. Upper Silesian coke sales are reported favourable. The demand was very active in Lower Silesian hard coal mining and slackened slightly only in the last quarter of the month. The Central German lignite briquette market was also brisk, but orders ceased to come in so well toward the close of the month. Industrial briquette business continued favourable.

The position of the rolled iron market is exceptionally unfavourable. The inland market for every species of production is absolutely dead. The monthly import of foreign iron is equal to the month's output of two large German foundries. The German works were unable to compete with the exceptionally low quotations rendered possible by the depreciation of the French franc. In Upper Silesia the foreign market occasioned losses up to 30 and 40 marks per ton. As there is no possibility of reducing the cost of production, the Reichsbahn has again been approached with a view to a 50 per cent. reduction of seaport tariffs. In the machine industry there is a general falling off of orders. The situation of the working up industry in the Rhenish Westphalian frontier district is thoroughly bad. In locomotive and wagon construction the prospect is hopeless. Foreign sales improved in the agricultural machine industry. In the chemical industry sales in certain inorganic products have fallen off considerably. Sales of dyestuffs and fertilisers decreased generally, and orders dropped in the electro-technical industry. The lack of occupation in the current-consuming concerns brought about reduction of work in the current-producing works. A few orders came in from the potash and lignite industry, but the Rhenish Westphalian coal industry withheld orders almost entirely. There were very few contracts for the construction of electric railways, and the turnover fell in electric lamps, high power cables and wiring. In shipbuilding French competition is making itself felt, and the same may be said of the motor industry to an increasing extent. Business is at standstill in the building material industry. Paper factories had a demand from America, Belgium, Holland and in the middle of December from England.

In the newspaper trade Christmas business brought only about one-third of last year's turnover. If the present conditions develop in this direction a very threatening situation is to be feared for the whole newspaper industry. As regards the clothing industry the position of the spinning and weaving mills has greatly deteriorated. The reduction of work in the spinning mills averages 33½ per cent. The same is true of the smooth yarn industry and cloth industry and wholesale cloth trade, as well as of the cotton, silk and velvet industry.

In the flax spinning works the situation grew so acute as to cause the greatest German flax spinning works to

close down on the 20th ultimo. Christmas business gave no noteworthy impetus to the linen weaving mills. In the retail trade generally the sales of articles of clothing at Christmas were far below expectations. The leather industry is very sparing of orders, and only a few factories are fully occupied in the shoe manufacture. (*Kölnische Zeitung*.)

FINANCE

The Money Market.—The condition of the money market at the close of the year was, as expected, extraordinarily slack. For day to day money the rates closed at 9–11 per cent., the supply being somewhat less and the demand a little more active. Monthly money scarcely exceeded the minimum level of 9½–11 per cent. The rate for bank endorsed commercial bills fell to 8½ per cent. Private discounts remained unchanged at 6½ per cent. All but one-quarter of 37 million of Prussian Treasury Bonds falling due at the end of December have been prolonged or re-issued. It appears that there is no intention to reduce the present holding of 100 million. The activity of the *Seehandlung* as a money lender has been restricted by the claims of the unemployed, and the Traffic Credit Bank, owing to the small receipts and heavy payments of the State Railways during December has also withdrawn considerable sums of money. These however were long period credits and withdrawn after due notice.

The chief characteristic of the Bourse money market was the liquidity of short period money as against the great scarcity of long period money. This is attributed to the confidence crisis, which resulted in excessive caution in giving long credits, thus eventually swelling the number of short credits and also to the large sums of foreign money which have flooded the market.

Very little change can be expected in German money market conditions in the new year. The confidence crisis can only be overcome gradually, with the return of stability and general improvement in the economic situation. The money market will continue to be fed by foreign long period loans, the receipt of the Potash, A.E.G. (General Electrical Company) and Ufa loans are expected to begin with. On the other hand, the *Seehandlung* will feel the reduced tax receipts for 1926, and money from the State Railways is likely to remain scarce, at least during January. The other public financial institutions are proceeding with their centralisation policy, hoping thereby to effect a reduction and general relief. There are great hopes for cheaper money in the new year in view of the large supply of day to day money and the expected reduction of the discount rate by the Reichsbank. The development of the money market depends largely on when and to what extent American money comes into the market. Slowly but surely the gradual building up of capital by the banks and savings banks will have a good effect on the long

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period market. In the immediate future the Bourse money market is likely to relax after the restraint at the close of the year, if only on account of the return current of the money collected for payments at the year's end. (*Kölnische Zeitung*.)

TRADE

Trade Relations with Bulgaria.—Germany has for many years held the first place among countries exporting to Bulgaria. German-Bulgarian trade relations during 1925 have shown a steady increase both in the direction of Germany and of Bulgaria, but particularly in Germany's exports to that country. In the first nine months of 1925 Bulgaria has exported considerably more to Germany than in 1924, 1923, 1922 and 1913, and there has been a steady increase in her imports also, as compared with the same series of years. The year 1925 appears to have brought Germany great success in the Bulgarian market, but the chief obstacle to further development on the same lines in 1926 is the competition of the countries with depreciated currency. According to German statistics the exchange of goods amounted in 1925 (in 1,000 Reichsmarks) to:—

From Germany to Bulgaria.					
Jan. to March.	April to June.	July to Sept.			
8,251	9,930	11,703			
From Bulgaria to Germany.					
Jan. to March.	April to June.	July to Sept.			
9,600	10,012	20,182			
From Germany to Bulgaria. (In millions of Reichsmarks.)					
Jan. to	Sept. 1925.	1924.	1923.	1922.	1913.
Bulgarian statistics	—	34.9	37.5	25.2	30.1
German statistics ...	29.8	28.0	27.4	—	30.3
From Bulgaria to Germany. (In millions of Reichsmarks.)					
Jan. to	Sept. 1925.	1924.	1923.	1922.	1913.
Bulgarian statistics	?	26.9	10.6	20.7	13.7
German statistics ...	40.09	21.1	7.0	—	8.8

Germany's percentage in Bulgaria's imports was in 1911, 19.98 per cent.; 1912, 20.43 per cent.; 1913, 21.66 per cent.; 1922, 21.5 per cent.; 1923, 37.5 per cent.; 1924, 34.9 per cent.

Germany's percentage in Bulgaria's exports was in 1911, 12.41 per cent.; 1912, 18.72 per cent.; 1913, 16.36 per cent.; 1922, 16.5 per cent.; 1923, 8.1 per cent.; 1924, 17.7 per cent. (*Deutsche Allgemeine Zeitung*.)

INDUSTRY

Industry's Reparations Burden.—The German cabinet has recently drawn up a resolution according to which certain economic groups are to receive preference in the allotment of reparations contributions. This resolution refers to the five milliards of goldmarks allotted to industry under the Dawes Scheme, 2.5 per cent. of which has to be paid in the second year (September 1, 1925, to August 31, 1926). In addition to this payment of 125 million there is a further 10 per cent. or 12.5 million for "Bank für Industrie" bonds, so that the direct payments required from German industry in the current second reparations year amount to 137.8 million. This sum is payable in two equal parts on April 1 and August 25. As the new capital tax contributions will not be collected by April 1, it is proposed to request the payment of an instalment so that the 63.5 million will be available to be credited to the account of the Reparations Agent at the stipulated date. In drawing up the new capital tax returns, alterations in the course of business and the value of property will be taken into consideration. Care will be taken that, where amalgamations have taken place, concerns shall not be taxed twice over, and the depreciation in the value of shares during the past two years will also be taken account of.

Three branches of economic undertakings are to receive preferential treatment: sea-shipping, inland shipping and air transport. For these three groups only 50 per cent. of capital need be declared for repara-

tions tax. According to the Treaty of Versailles, sea and inland shipping have been obliged to surrender already a number of ships, for which very inadequate compensation was given during the inflation period. Moreover Rhine shipping has suffered exceptional damage owing to the occupation of the Rhineland and later of the Ruhr, for which similarly inadequate compensation has been given. It has further been taken into consideration that the freight market has been exceptionally depressed for years and that sea and inland shipping concerns are continually suffering heavy losses. As regards air traffic it has been recognised that this constitutes a new branch of communication which can only be maintained by the support of the State, local governments and economic unions.

The economic wealth available for the contribution of industry amounts in all to about 30 to 33 milliards of marks. Sea and inland shipping only represent some half milliard, and as only 50 per cent. is to be taken account of in this branch, the sum to be reckoned with for tax is only a quarter of a milliard. The funds of the Air Transport Companies, which amount to 4.5 million, are of no practical account. In all, the taxable economic undertakings of Germany are called upon to pay 16½ per cent. of their wealth. As 2.75 per cent. has to be paid in the current reparations year, this year's payments on the ground of the taxation of industry will amount to 0.45 per cent. of the total wealth. Thus for the two due dates (April 1 and August 25) about 0.225 per cent. each. (*Kölnische Zeitung*.)

Situation in the Heavy Industry.—The yearly report of the Essen Chamber of Industry points out that during the past year in the mining industry it has been impossible even to endeavour to stimulate the market by a reduction in the price of coal. The cost of production has increased considerably, and it was only possible at a few pits to make a profit at all. The foreign market could only be secured by selling at a loss. Many cases of shutting down and wholesale dismissal of workers occurred throughout the year. A total of 48 pits employing about 45,000 men were closed down. On the remaining pits a further 27,000 men were dismissed. The following table shows the results in the Ruhr:—

	Coal output		Number of Workmen dismissed.	Unworked Fictitious shifts of number of workers of employed, unworked shifts.	
	in thousands of tons.	workmen.		workers	of
1925.					
January ...	9,560	472,605	—	173,837	173,837
February ...	8,396	472,181	424	649,594	660,194
March ...	9,048	467,993	4,188	618,670	733,970
April ...	8,300	460,185	7,808	383,714	694,214
May ...	8,403	449,805	10,380	362,392	932,392
June ...	7,882	436,493	13,312	318,935	1,221,735
July ...	8,811	423,440	13,053	451,885	1,680,015
August ...	8,591	408,223	15,217	279,558	1,889,108
September ...	8,733	403,047	5,176	216,365	1,953,315
October ...	9,170	401,815	1,232	231,218	2,000,968
November ...	8,533	400,000*	1,815	120,411	2,150,000*

* Approximate figure.

The fictitious unworked shifts reckoned on the basis of January 1925 include, in addition to the actual unworked shifts owing to lack of sales, those shifts not worked on account of dismissals. An average of 25 unworked shifts per worker is estimated.

The position of the iron producing industry was controlled above all by Franco-Belgian competition. In spite of the continued depreciation of the French franc, no increases of price have occurred in the French home market during the last six months. In consequence of this French prices converted into gold marks show a continually falling tendency, as shown in the following table:—

	Ex works Foundry pig iron.		Blocks (semi-manufactures).		Bar Iron (Thomas products).	
	Fr.	Mk.	Fr.	Mk.	Fr.	Mk.
January ...	311.50	70.65	440.00	99.80	514.00	116.60
February ...	327.50	72.95	451.00	100.45	525.00	116.90
March ...	335.00	73.10	445.00	97.10	530.00	115.85
April ...	345.00	75.40	445.00	97.25	530.00	115.80
May ...	345.00	74.95	445.00	96.65	530.00	115.10
June ...	345.00	69.25	445.00	89.30	530.00	106.40

Ex works free wagon.	Foundry pig iron.		Blocks (semi-manufactures).		Bar Iron (Thomas products).	
	Fr.	Mk.	Fr.	Mk.	Fr.	Mk.
July ...	345.00	68.10	445.00	87.85	530.00	104.60
August ...	345.00	68.10	445.00	87.85	530.00	104.60
September ...	345.00	68.45	445.00	88.30	530.00	105.15
October ...	345.00	64.45	445.00	82.90	526.90	98.40
November...	345.00	59.20	445.00	75.50	525.00	90.10

All endeavours of the German iron industry to keep pace with these price reductions failed. Under these circumstances the German iron duties were impotent to combat growing foreign competition. German iron imports rose to 5 times the pre-war figure, and the export, on the other hand, dropped 50 per cent. (*Frankfurter Zeitung.*)

Situation of the German Upper Silesian Mining Industry.—Hard coal mining in Upper Silesia is still enjoying the favourable sales conditions brought about in June last by the expiry of the Polish import quota. Extra shifts have had to be organised to meet the active demand for all varieties. As German Upper Silesian mining has increased its output by the amount of the former Polish import quota of 500,000 tons monthly, it is proved that the German market does not require the regular import of coal from Poland, which country in the interests of its hard coal mining is demanding the assurance of a monthly import quota of 350,000 tons.

Thanks to the favourable market, during the month of December, which has only 23½ working days, a total of 1,420,000 t. was produced. This gives an average daily output of 60,000 tons, thereby exceeding last month's daily average, which represented the highest output hitherto. Shipping conditions on the Oder, owing to frost, made transshipment at Coselhafen and Oppeln impossible, so that transport had to be effected by means of the expensive railway. The supply of wagons was always adequate. English competition is felt acutely on the inland market since the beginning of the subvention payments to the English Government, and can only be countered by extensive sacrifices in price quotations.

Conditions on the coke market are far less favourable. There was a slight improvement in the demand, as the change in the weather made it essential to lay in stocks of heating coke. By this means accumulated stock was reduced from 145,000 t. to 135,000. The employment of the coke works, however, remained so inadequate that only 50 to 60 per cent. of the available plant could be made use of. Sales of by-products of the coke works were effected with greater smoothness.

The situation on the iron market is desperate. Ship-building yards, wagon and locomotive workshops, machine factories, foundries and construction works, as well as the entire trading fraternity are withholding contracts from the iron industry under pressure of the present dearth of capital and credit, so that occupation has sunk to a lower level than ever before. Of 15 blast furnaces available in German Upper Silesia only 6 are alight, and these are only worked to an abnormally weak extent. In spite of the greatest restriction of production there are large standing stocks, which it is impossible to reduce. The unfortunate sales conditions are partly due to the fact that Eastern Upper Silesia, Posen and West Prussia, formerly large customers, are now excluded owing to their union with the Polish State with its prohibitive duties, whereas it has been impossible to make good the loss by finding other markets. The steel works are not in a position to make full use of their quota, reduced by the Raw Steel Association by 35 per cent., as so few orders are coming in. The standing stocks are therefore very large. In the rolling mills an average of 3 to 4 simple shifts per week is all that can be worked. There are no arrears of contracts therefore the shortest possible delivery periods can be offered. The sheet market is singularly badly placed, and has been completely listless for a long period. Sales conditions are equally bad for foundries, hammer works and construction workshops, and similar com-

plaints come from wire and tube works and the railway material construction shops.

The dearth of employment naturally increases the cost of production, already in unsatisfactory proportion to the selling price. There is no possibility of substituting foreign markets for the languishing home demand, as all foreign countries are hedged about with high duties and keen competition is to be met with on all sides. (*Frankfurter Zeitung.*)

According to the *Hamburger Fremdenblatt*, the situation in the Upper Silesian iron industry has become so acute that a complete shutting down is threatened at the end of January. Though it appears that no definite decision has been arrived at, the rumour alone is sufficiently significant. The Prussian State has afforded credits amounting in all to some R.Mk.40 million to the three Upper Silesian mining Companies, the Oberschlesische Eisenbahn Bedarfs A.G., the Oberschlesische Eisen Industrie and the Donnersmarkhütte. These credits they hoped to be able to guarantee by the compensation paid to them by the Polish Government, which in spite of long negotiations does not appear to be forthcoming. If no solution of this question can be arrived at and the complete absence of contracts continues the threatened shutting down will be unavoidable, and 4,000 workers will thus be thrown out of employment in Gleiwitz.

The effect of the separation of Western and Eastern Upper Silesia may be seen from the following tables published in *Wirtschaft und Statistik*. The greater number of works fell to Poland in the separation. In the spring of 1923 they were distributed thus:—

	Western Upper Silesia.	Eastern Upper Silesia.
Blast furnaces ...	15	19
Steel and Puddle furnaces	29	64
Iron and Steel foundries	9	11
Rolling mills ...	14	34

Pig iron production has developed as follows:—

	Western Upper Silesia.		Eastern Upper Silesia.	
	Tons.	Per cent.	Tons.	Per cent.
1913 ...	381,333	100	613,218	100
1922 ...	296,290	76	401,071	65
1923 ...	367,161	96	408,601	67
1924 ...	243,311	64	263,115	43
1925(Jan. to Oct.)	248,048	78	134,434	38

(Jan. to July)

The production of raw steel which is chiefly produced on the Siemens Martin process gave the following figures:—

	Western Upper Silesia.		Eastern Upper Silesia.	
	Tons.	Per cent.	Tons.	Per cent.
1913 ...	351,039	100	1,009,716	100
1922 ...	376,021	105	816,008	81
1923 ...	391,200	111	872,665	86
1924 ...	269,074	77	524,747	52
1925(Jan. to Oct.)	317,892	109	350,567	60

(Jan. to July)

In consequence of far-reaching amalgamation of interests, the greater part of the raw material produced is worked up locally in affiliated works. The difficult transport conditions combined to make this necessary. Since the separation the greater part of the working up industry lies in Polish territory. The output of the rolling mills was as follows:—

	Western Upper Silesia.		Eastern Upper Silesia.	
	Tons.	Per cent.	Tons.	Per cent.
1913 ...	427,648	100	897,788	100
1922 ...	472,951	111	718,671	72
1924 ...	260,627	47	424,624	42
1925(Jan. to Oct.)	241,757	68	126,215	14

(Jan. to April)

The production of the refining industry in the two Upper Silesias developed as shown below:—

	Western Upper Silesia.		Eastern Upper Silesia.	
	Tons.	Per cent.	Tons.	Per cent.
Press, hammer and tube rolling mills ...	42,715	100	38,957	91
Construction and machine building workshops ...	16,124	100	21,103	131
Other refining works ...	79,235	100	63,267	80

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	Eastern Upper Silesia.			
	1914.		1924.	
	Tons.	Per cent.	Tons.	Per cent.
Press, hammer and tube rolling mills	85,599	100	57,345	67
Construction and machine building workshops ...	39,056	100	11,528	29
Other refining works ...	28,587	100	11,738	41

Extension of Cement Syndicates.—The circle of Cement Syndicates has been completed by the formation of the Rhenish Westphalian Cement Syndicate (under the style of West German Cement Union G.m.b.H. in Bochum). In South Germany the Syndicate includes the firms Dyckerhoff and Söhne in Biebrich and Obercassel and Schwenk in Ulm, and in Western Germany, Narjes und Bender in Kupferdreh. In Northern and Western Germany the export of the Syndicate is restricted, whereas in South Germany it is free. Otherwise the Syndicates remain identical in construction except that contribution and quota alterations have been introduced. Negotiations with regard to a revision of the quality stipulations agreed upon with the State are anticipated in the Spring when prices will also be revised. The North and South German Syndicates are extended for 10 years, the West German, only for 5 years. The agreements have hitherto run only one year, so that the extension for so long a period means a time of stability of the present production and administration conditions in the industry. The West German Union can be dissolved at 6 months' notice any time after January 1, 1927, only provided that at least 75 per cent. of the capital of the members of the companies involved is in favour of it. (*Frankfurter Zeitung*.)

According to the *Kölnische Zeitung* the total quota of the newly-formed Western German Cement Union of over 400,000 wagons, which hitherto constituted the Rhenish Westphalian Cement Union, has been increased by 89,532 wagons by the newly-added Dyckerhof Works in Bonn and Kupferdreh.

These 489,532 wagons are now distributed among the various individual members in such a way that the largest proportion falls to the Wicking Concern, which up to the end of 1925 possessed about 53 per cent. of the allocation. The Wicking Concern now has 39.45 per cent., and if the Höxter Godelheim Works, with whom negotiations are in train, are added with 2.56 per cent., over 42.01 per cent. The total share of the works Carl Otto, Monopol and Tecklenburg, which are actually in the possession of the Union, represent 3.79 per cent. of the total allocations.

Standardisation in the Motor Industry.—The serious difficulties which beset the German automobile industry have not disappeared in consequence of the partial good results of the motor exhibition. Even if the exaggerated fears at first entertained with regard to the destructive effect of American competition have not been fully justified it is still certain that the medium and smaller businesses are passing through a serious crisis. A further report was recently to hand in regard to the unfavourable position of the Audi Works in Zwickau and the Forster and Stolle Motorenbau A.G. in Munich, quite apart from the extensive shutting down of works and dismissal of hands toward the close of last year.

It is therefore not surprising to note further strong endeavours toward rationalisation and standardisation. A number of small works are negotiating for the construction of uniform types, with the idea of each individual works undertaking only one part of the production process. Even the larger works in the automobile industry are endeavouring to standardise, especially as regards chassis construction.

It is hoped that standardisation, at present to be primarily applied to the 6 h.p. car, will produce a reduction in price and increased power of competition. It is still believed that the crisis can be weathered, but the decrease in the import of American cars can only be attributed to Germany's reduced purchasing

power. The establishment of the Automobile Bank is expected about the middle of this month. (*Kölnische Zeitung*.)

According to the *Deutsche Allgemeine Zeitung*, Germany possessed in 1924 86 motor construction factories producing 146 models, whereas at present 79 models are in course of production in 52 factories. Under the present state of the market it is impossible to find sales for 80 types of cars. The automobile industry complains that it is impossible to reduce prices sufficiently to compete in foreign markets because the material provided by the supply industry, which represents 70 per cent. of the motor selling price, is far too dear. The cost of material can only be reduced by means of a reduction in the number of types in the motor industry.

COMMUNICATIONS

Shipping Prospects.—The *Kölnische Zeitung*, in discussing the dividend prospects of the various great shipping concerns in Germany, points out that the Hamburg America Line estimates the total receipts for the current year, after deduction of taxes, at 9.87 mill. After deducting 1.75 mill. for interest on the dollar loan, 8 million remains, which about corresponds to last year's result. Last year this sum was almost entirely swallowed up by taxes and costs. Assuming that the two latter items remain the same for 1925 (they will probably be higher) there remains the sum deducted for taxes in estimating this year's profits, which probably amounts to 2½ mill. A certain sum will therefore remain over for writing off or other purposes, but it is of course impossible to predict whether a portion of this will be used to pay a modest dividend.

One indication of more favourable conditions for the Hapag is the fact that the shares held by them in the Bugsier Reederei und Bergungs A.G. have recently been sold at a rate which represents about the nominal value, though it is uncertain whether this sale will be included in the 1925 balance-sheet. The dollar loan is to be utilised for the enlargement of the fleet on the most important route, Hamburg–New York. Better results are expected in 1926 from North Atlantic passenger traffic. On the other hand freight business still offers a hopeless prospect. The usual arguments are advanced to account for this, the excess of world cargoroom over world trade requirements, weakened buying power of Central Europe, industrialisation of overseas countries, which no longer need extensive import of manufactured goods and the limitation of the Central European raw material demand.

While the Hamburg America line is striving to develop passenger traffic, the Norddeutsche Lloyd has increased its cargo fleet by means of amalgamations. At the same time there is not much to choose between the passenger room of the Hapag and the Lloyd. On the chief New York route now and for next Spring there will be sailing: for the Hapag, 5 steamers with about 84,000 g.r.t., for the Lloyd, 7 steamers with 100,000 g.r.t. After the installation of the "New York" the liner of the Ballin class of 22,000 t. now under construction, the Hapag will have exceeded the Lloyd by 6,000 t. The hitherto favourable position of the Lloyd where tonnage is concerned has been chiefly maintained by the Columbus with her 31,000 t. On the other hand the Hamburg America line has a magnificent uniform fleet of 4 liners of the Ballin class which assure a regular weekly service to and from New York. It is not known to what extent the Lloyd is involved in credits. At the end of 1924 long credits for about 28 mill. appeared in the balance-sheet, but in the meantime the share of this firm in the Emscher Lippe Mine has been sold to the Phoenix for 20 mill., and this sum may have been used to cover them. In any case the Lloyd will have done all that can be expected if expenses are met and a small sum set aside for writing off,

Only one Company has succeeded by means of concentration on a narrow and profitable route in equalising its passenger and freight business and achieving the payment of an 8 per cent. dividend in 1924. This is the Hamburg South-America Steamship Company. Apart from such exceptional cases as this the question for most shipping companies is: writing off or a small dividend? In view of the cost of maintaining the fleets in up-to-date condition writing off will in most cases be unavoidable.

HOLLAND

POLITICAL AND GENERAL

The Belgian-Dutch Treaty.—It is only occasionally, says the *Gazette de Hollande*, that we have referred in these columns to the campaign which is being carried on in the Netherlands against the Belgian-Dutch Treaty. Minister van Karnebeek's Memorandum of Reply has not yet appeared, whilst it is known that negotiations are going on which have for their object the amendment of a number of not unimportant points in the Treaty. From sporadic utterances in the Belgian Press one may deduce that Belgium is quite prepared to meet various objections offered from the Dutch side and to recognise the fact that some of the possible consequences of the Treaty were neither foreseen nor intended.

It would, however, be a mistake to suppose that if this were done, the storm which has arisen in the Netherlands would be allayed. The interests of the various parts of the Netherlands are not equally affected by the economic plans drafted in the Treaty. Whilst, for instance, the Antwerp-Moerdijk canal would afford to Dutch Limburg, in addition to the route via Rotterdam, a second and extremely rapid and easy communication with the North Sea via Antwerp, this would scarcely be regarded by that province as either a drawback or a danger. Rotterdam views the new canals with deep concern, as it fears that it will have to cede to Antwerp an even greater part of the Rhine shipping than it has already done, and all the more so now that Belgium grants gratis towage to Belgian vessels on the existing route from Antwerp to the Rhine (along the Zuid Beveland Canal).

It is true that Rotterdam is not the whole of the Netherlands, but people here are not accustomed to turn a deaf ear to the voice of Holland's greatest port. Even if the new canal should prove not only advantageous to Limburg's interests, but also valuable to the Netherlands in other ways, Rotterdam would still be justified in its opposition.

There are those, however, who would always and in all circumstances, maintain an attitude of antagonism. These are the Flemings who were sentenced by the Belgian Courts for treason and took refuge in Holland. Their speeches, their articles signed or unsigned, have repeatedly demonstrated how great a rôle they play in envenoming the opposition to the Treaty. As a matter of course, they have little to expect from Belgium. Friendly relations between Belgium and the Netherlands reduce the danger of dismemberment and disintegration of Belgium and are, therefore, not regarded by them with favour.

The Brussels *Standaard* recently criticised a venomous pamphlet, published in the Netherlands and attacking the Treaty. The paper expresses indignation at the fact that such virulent criticism is not confined to Dutch Netherlanders who believe that Dutch interests are endangered by the Treaty, but that Flemish Activists offer such opposition to their fatherland, Belgium. There are many Netherlanders of the same opinion.

In the meantime, the fate of the Treaty still hangs in the balance. Much will depend, first, on the solution of the Cabinet crisis—if it is ever solved. Further, on the changes to be made in the Treaty and on what the Foreign Minister will adduce in his Memorandum of Reply in refutation of the objections which are now being raised and repeated with so much emphasis.

INDUSTRY

Native Rubber Outlook in the Dutch East Indies.—

In the December number of *Economisch-Statistische Berichten* Dr. A. A. L. Rutgers, Director of Agriculture, Trade and Industry in the Dutch East Indies, says that the export of native rubber from that colony, which in 1921 amounted to no more than 6,000 tons, representing a value of Fl.5,000,000, amounted in 1925 to about 120,000 tons, to a value of Fl.250,000,000. An enquiry instituted by the Native Rubber investigation Committee at Batavia has proved that it will be a long time before native rubber growing will reach the limit of its development. This may be deduced by comparing the area of productive plantations (over six years old) with that of young plantations, from the rate at which planting is proceeding at present, and by comparing the older productive areas, more especially in Djambi, with those in which rubber growing is still either in its infancy or in course of development.

Since the end of 1922 planting has been proceeding everywhere on an unprecedented scale. As a general rule, it may be said that the young plantations exceed in number of trees those in course of production. In the province of Djambi, moreover, which from a productive point of view is the most important, it is estimated that in 1924 there were twice as many productive trees as could be tapped by the available labour. As the vast majority of young trees were planted in 1922 to 1925, the great increase in production may be expected after 1928 unless high prices, such as have been made since the middle of 1925, stimulate the population to over-tapping, which would mean that a great number of trees would remain temporarily unproductive.

Surveying the position as a whole, however, it appears certain that in the next five years, the production will again be doubled, which means that it will rise to 240,000 tons, unless special preventive factors make their influence felt. These factors may take the form of shortage of land or labour, premature exhaustion of the land, or unremunerative prices. As a general rule, there is no lack of land among the population of the Outer Possessions. Moreover, in the case of such a hardy plant as the rubber tree, this factor may be considered as of minor importance as regards the restriction of native rubber growing. With regard to a shortage of labour, this certainly exists in Djambi, the province which at present still supplies 25 per cent. of the native rubber. It exists nowhere else, however, as the native rubber grower is able to pay higher wages than other employers. Although premature exhaustion of the land is a factor of some importance, it is not nearly so great as various writers on the subject would have us believe. Provincial monographs which have

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been published show that everywhere, including Djambi, the potential production is still on the increase and that more rind grows than is destroyed. Although here and there trees cease to be productive, no land has ever been permanently lost to production by overtapping. As regards the price, the data published on the subject show that native rubber growers can profitably produce at prices which mean a loss to the European planter. Naturally, local differences are great, especially as regards the presence of water, but, generally speaking native growers will continue to produce at their fullest capacity at prices ranging from Fl.20 to Fl.40 per picul of the wet product, or, reduced to the London standard quotations, at a price of 35 to 60 cents per lb. As far as can be foreseen, therefore, none of the four factors mentioned above can in the near future reduce to any extent the production of native rubber.

HUNGARY

POLITICAL AND GENERAL

Nineteenth Report of the Commissioner General.—

The current report of Mr. Jeremiah Smith, Commissioner General of the League of Nations for Hungary, covers the month of last November. It is interesting to note from this Report that whilst insolvencies and unemployment showed an increase and Customs receipts for the month were somewhat feeble, the prevailing economic depression was not expressed in the aggregate receipts of the Treasury.

The sums received in November from the revenue pledged as security for the Reconstruction Loan amounted to Kr.350,342 mill. (paper), which represents an increase of Kr.2,805 mill. (paper) received from the same source in the preceding month, but a decrease of Kr.405 mill. (paper) on the receipts of November 1924. The figures in the table below show the amounts of pledged receipts collected from the various sources in November, as compared with the returns in October 1925 and November 1924 (in millions of paper kronen):—

Pledged Revenue.	Oct 1925.	Nov. 1925.	Nov. 1924.
Customs ...	142,601	147,113	201,638
Tobacco monopoly ...	136,847	119,576	98,035
Sugar duty ...	51,438	55,150	29,650
Salt monopoly ...	16,649	28,501	21,423
Total ...	347,537	350,342	350,747

Converted into gold on the basis of the multiplier of 14.500 the pledged receipts in November attained the figure of Kr.24.16 mill. (gold), which exceeds the pledged receipts of October and approximately corresponds to those of November 1924. Compared with November 1924 there is an appreciable decline in Customs receipts, whilst a marked improvement is recorded in the returns of the tobacco monopoly, the sugar duty and the salt monopoly on account of increased consumption. In addition to the above mentioned receipts Customs also collected Kr.56,962 (gold) in specie during the month of November.

The gross receipts from all sources in November last, as compared with those of the preceding November, were as follows (in milliards of paper kronen):—

Gross receipts.	Nov. 1925.	Nov. 1924.	Difference.
Pledged receipts ...	350.3	350.7	— 0.4
Other receipts ...	793.7	577.2	+ 216.5
Total ...	1,144.0	927.9	+ 216.1

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It should be noted that November belongs to one of the four months in which the direct taxes fall due and that payments are usually reflected in the returns for this month. Converted into gold values on the basis of the multiplier of 14,500 the receipts for last November totalled Kr.78.9 mill. (gold), whilst those for the preceding November, converted on the basis of the then prevailing average rate, amounted to Kr.61.0 mill. (gold). In the preliminary budget for November the gross receipts were estimated at Kr.56.7 mill. (gold) and the gross expenditure at Kr.53.4 mill. (gold).

The provisional figures of the Treasury receipts from State taxes and State monopolies during the first four months of the current financial year, in comparison with one-third of the Budget estimates for the year 1925-26, are as shown below (in millions of gold kronen):—

	Actual receipts first four months of financial year 1925-26.	One-third of estimated receipts for 1925-26.
Direct taxes ...	34.9	42.5
Turnover tax ...	42.3	34.5
Fees and dues ...	20.2	17.5
Consumption tax ...	26.1	18.6
Customs ...	34.1	28.6
Salt monopoly (nett) ...	5.3	3.7
Tobacco monopoly (gross) ...	35.1	32.6
Transport tax ...	4.8	3.1

These figures so far justify the estimates. Only the yield of the direct taxes is below the estimated sum.

The preliminary estimates for December provide for gross expenditure of Kr.51,338,955 (gold) and gross revenue of Kr.53,464,597 (gold), the estimated surplus being Kr.2,125,642 (gold). The estimated expenditure for December includes a sum of over Kr.8 mill. (gold) allotted to the Tobacco Administration for the purchase of tobacco, this amount being about twice the monthly average required by this department. It is hoped that the yield of direct taxes in December will be considerably higher than the monthly average, since a portion of the taxes that fall due in November is often not paid before December. Better results are expected from the turnover and the consumption taxes on account of the season. The following figures show the estimated nett expenditure and revenue for December, as compared with one-twelfth of the Reconstruction Budget (in gold kronen):—

	December estimates.	Monthly average Reconstruction Budget.	Increase.
Net expenditure ...	39,658,495	34,204,166	5,454,329
Net revenue ...	41,784,137	30,037,500	11,746,637
Surplus ...	2,125,642	—	6,292,308
Deficit ...	—	4,166,666	—

On November 30 last the account of the Reconstruction Loan showed a balance of 11 milliard paper kronen.

The Commissioner-General makes some interesting remarks respecting the freeing of the Hungarian exchange market at the middle of October by the abolition of all exchange control. He points out that, despite the recommendations of the Brussels Finance Conference in 1921, which declared Government restrictive measures on exchange to be injurious and to fail their end, the neighbouring States of Hungary have maintained such measures more or less extensively. Such restrictive measures, although admittedly undesirable, are sometimes unavoidable in practice; once they have been imposed the opinion prevails that they are protective. Whilst the restrictions are maintained elsewhere every State finds it difficult to take the initiative in their removal. Since the stabilisation of the Hungarian currency the control of the authorities has been diminished step by step, until it is now completely abolished. Official authorisation is no longer necessary for business in foreign currencies; it is no longer necessary to declare for what purpose foreign currency or bills are required. Purchases and sales are effected on the Exchange and there is nothing to prevent the rise or fall of the Hungarian currency under the effect of supply and demand.

The limits of the fluctuations are determined by the minimum and the maximum gold point. The transition was effected smoothly and it is to be expected that when the public accustoms itself to the new conditions an extensive and brisk business, both for spot and forward transactions in foreign currencies, will develop on the Budapest Exchange.

In regard to the position of the National Bank the Report observes that the reduction of the discount rate to 7 per cent. in October last appears not to have materially affected the general business of the Bank. Both the note circulation and the discount portfolio considerably decreased in November, which contrasts favourably with the situation in the preceding November, whilst the proportion of cover to liabilities remained relatively stable. Since the end of last August there has been no increase in the note circulation; it appears that a circulation of 5 billion paper kronen, representing approximately 600,000 paper or 40 gold kronen per head of the population, is now sufficient to satisfy requirements. The accommodation of the provincial rates to the lower rate of the National Bank proceeds but slowly and some of the results of efforts in this direction are unsatisfactory. Notwithstanding the National Bank's rate of 7 per cent. higher rates are demanded and paid in the provinces. The relatively high rates in Hungary have such profound causes that it would be idle to expect a return to pre-war or similar conditions in this particular sphere. This, however, does not include the possibility of a co-operative movement on the part of the banks so as to eliminate competition and to introduce normal conditions. The more this matter is postponed the more difficult will be the eventual return to a normal state of affairs.

There has of late been less money stringency on the Budapest market and good bills have been discounted at 9 per cent., which is relatively cheap, although the proportion quoted at this low rate has been very small. Even against the best securities as much as 5 to 6 per cent. above the Bank rate is demanded. In the provinces the inclusive rate often touches 20 per cent.

The dissatisfaction with the continuous inactivity of stocks and shares on the Exchange has been growing very considerably and measures for improving the situation are being discussed. It is generally believed that the sinking tendency of the quotations must unfavourably influence foreign opinion about Hungary's economic situation; and the chief aim of the measures proposed is to improve opinion abroad. If any measures are carried out on a big scale considerable means will be required. Apart from occasional intervention nothing has yet been done in this respect. Increasing pressure is being brought to bear upon the Government to introduce energetic measures for the stimulation of the business in stocks and shares on the Exchange. Since the beginning of the year security values on the Stock Exchange have dropped on the average to about one-third. From one point of view, however, the situation is not so bad as it appears. The slackness of the stock market probably creates a less unfavourable impression abroad than would a forcing up of quotations by artificial means or by speculation, or by maintaining them by measures of inflation. A high level that is not founded on high dividends or interest is not to the advantage of those who wish to invest their capital in Hungarian securities. Nevertheless, it seems that there are undertakings that have not suffered losses to justify the present low quotations on Exchange. The safest course is to await the publication of the gold balances and to see how the dividend policy corresponds to the new situation.

The rumours that gained currency in November concerning an eventual revaluation of War Loan obligations again led to speculative activity, the fluctuations amounting to 40 per cent. either way. The Premier put a stop to this movement by definitely stating that a revaluation of these obligations could not be entertained under the present circumstances.

On November 7 last the National Assembly passed a bill by which the Pengő, divisible into 100 Heller, was to be the legal currency as from January 1, 1926. The Pengő corresponds to-day to 12,500 paper kronen. Gold coins to the value of 20 and 10 Pengő are being minted, in addition to a silver coin to the denomination of 1 Pengő and coins of baser metal to the denominations of 50, 20, 10, 2 and 1 Heller. Silver coins may be stamped to the aggregate value of 45 mill. Pengő, smaller coins to the total amount of 30 mill. Pengő. The National Bank is pledged to release gold bullion against bank-notes without any limitation at the legal rate of interest. The following table indicates the gold parity of the Pengő with some of the most important international units :—

1 Pengő	= 0.0359 pounds sterling.
1 "	= 0.1749 dollars.
1 "	= 1.2429 Austrian schillinge.
1 "	= 0.8632 Hungarian gold kronen.
1 pound sterling	= 27.325 Pengő.
1 dollar	= 5.7176 Pengő.
1 Austrian schillinge	= 0.8504 Pengő.
1 Hungarian gold krone	= 1.1585 "

In the section dealing with foreign trade the Report reproduces the figures relating to imports and exports during the first ten months of 1925. The data for the first nine months were given in THE ECONOMIC REVIEW under date December 18, 1925. The value of imports in October last amounted to Kr.77.2 mill. (gold), which figure is not vastly different from that of September 1925 or of October 1924. Exports were valued at Kr.77.8 mill. (gold), which result was Kr.2.3 mill. (gold) lower than that of the preceding month and Kr.1.2 mill. (gold) lower than that of October 1924. The value of exports in October was the second highest for the ten months, the record being in September with 80.1 mill. gold kronen. The October figures show a favourable balance of Kr.0.6 mill. (gold). The aggregate turnover of foreign trade during the first ten months of 1925 represented Kr.1,156.3 mill. (gold), with an adverse balance of Kr.51.9 mill. (gold), as against Kr.1,002.2 mill. (gold) with an adverse balance of Kr.100.2 mill. (gold) during the first ten months of 1924. The aggregate value of imports during this period amounted to Kr.604.1 mill. (gold), and that of exports to Kr.552.2 mill. (gold), as against Kr.551.2 mill. for imports and Kr.451.0 mill. for exports during the corresponding period of 1924. Notwithstanding the better harvest in 1925, the value of October exports was slightly below that of the preceding year. This is due partly to the lower prices for wheat, meat, sugar and various other Hungarian export commodities; furthermore the lack of commercial treaties with the most important customers for Hungarian flour was also not without effect.

According to the Social Democratic Trade Unions' returns the number of their members unemployed at the end of November amounted to 26,246, which represents an increase on the preceding month, due to slacker times in the building trades. At the end of November 1924 there were 30,568 members unemployed. The cost of living (retail prices) index number of the *Pester Lloyd* on November 30 was 17,765, the lowest since the commencement of the reconstruction programme. At the end of November the index figure stood at 21,096. The wholesale index number was 18,611 for last November, as against 23,095 for the preceding November. The total number of insolvencies in November amounted to 195, of which 53 were bankruptcies and 142 arrangements for the benefit of creditors. The number of bankruptcies was much higher than in any of the preceding months, the nearest approach being 41 in April. The number of arrangements for the benefit of creditors was considerably higher than in the preceding three months, but lower than that for each of the months within the period February to July. The total number of insolvencies in November was likewise higher than in any of the preceding three months, but it stood lower than for any one month within the period March to July.

Access to the Sea.—The *Nemzeti Ujság* believes that after the carrying through of the scheme of construction and improvements for which the Prime Minister, Count Bethlen, pleaded in Geneva, the trade and economic life generally in Hungary will receive new impulses, and that it is advisable to begin to prepare for more extensive relations with other countries. In this connection there arises the question of access to the sea—a matter that has hitherto been neglected for the reason that Hungary's external trade has been insignificant. The Peace Treaty secures for Hungary in categorical terms the right of free access to the sea, and the whole matter will depend upon the outcome of negotiations with Yugo-Slavia and Italy. The situation to-day is such that Fiume and Spalato afford equal advantages to Hungary and that an agreement with Italy is as easy of attainment as one with Yugo-Slavia. The journal calls upon the Government to take up the whole matter seriously and to arrive as soon as possible at a settlement that would, besides bringing a number of commercial advantages, help at least a little in counteracting the unemployment that prevails among both the workers and the educated classes in Hungary. (*Central European Observer*.)

FINANCE

Revaluation of Commercial Corporations.—The Government issued a decree in December relating to the revaluation in terms of the new monetary unit of all commercial corporations. As at January 1, or at the nearest date thereafter at which the business year begins, all companies and all other trading and industrial firms are obliged to make an inventory and to draw up gold balance-sheets in terms of the Pengő, the recently introduced gold currency unit. It is stipulated that the net assets of joint stock and limited liability companies are to be shown in the initial balance-sheet as capital, except such portion of these assets that may have already been carried over to capital reserve. Not more than one-half of the net assets may be transferred to capital reserve, and such assets may not be applied to any other purpose. The decree further enumerates the various ends to which capital reserve may be applied and explains that not more than 30 per cent. of the nominal value of new shares may be covered from this source. The minimum nominal value of shares is fixed at 10 Pengő. If, on revaluation, any share should not attain this minimum value it must be fused with other shares up to the nominal value of 10 Pengő. For joint stock companies whose shares are quoted on the Exchange this fusion of shares may take place up to a nominal value of 100 Pengő and in certain specified cases up to a nominal value of 200 Pengő. Banking companies whose shares are not quoted on the Exchange may, with the permission of the central banking organisation, fix the nominal value of shares at an amount lower than 10 Pengő. The nominal value of the shares will be ascertained by dividing the capital, as declared by the balance-sheets, by the existing number of shares issued. Joint stock companies with net assets of less than 50,000 Pengő, must be wound up within a year unless they increase their capital to the requisite minimum, or effect by fusion with other companies or by other means a similar end. In the case of small companies of a purely local character the limit is fixed at 10,000 Pengő. New joint stock companies must possess a capital of at least 150,000 Pengő, or, in the case of companies with a purely local interest, of 100,000 Pengő. The Minister of Finance has the right to decide whether a company is local or national in its activities. Special provisions are made for co-operative societies (which, however, are also compelled to draw up an initial balance-sheet as above), for insurance companies and for branches of foreign firms trading in Hungary. The National Bank and the railway companies are exempted from these regulations, as are also trading companies that were dissolved or that went into liquidation before

January 1, 1926. In every case the initial balance-sheet must be submitted to a special general meeting before or by April 30, 1926. (*Budapesti Közlöny* and *Wirtschaftliche Nachrichten*.)

Payment Balances for 1923 and 1924.—In a contribution to the Christmas issue of the *Magyar Statisztikai Szemle* Dr. Julius Szigeti publishes the results of the Hungarian payment balances for the years 1923 and 1924, arrived at by the method suggested by the League of Nations as being most suitable for international comparison, but with regard to the special point of view of Hungary.

The payment balance for 1923 reflects feeble exchanges with foreign countries, especially when compared with the results that might be expected under normal circumstances. The total of the traffic both ways with abroad for the year 1923 is represented by Kr.912.2 mill. (gold) and for the year 1924 by Kr.1,807.3 mill. (gold). In 1923 capital imports totalled Kr.37.1 mill. (gold) and capital exports Kr.20.8 mill. (gold). Hungary thus played an altogether negligible part in the international capital movements for this year. On the asset side exported goods accounted for Kr.339.1 mill., out of a total of Kr.427.9 mill. (gold), that is, 79.3 per cent. of the whole. Payments from abroad in favour of Hungary included Kr.18.4 mill. in remittances from Hungarians in America to their families at home; Kr.16.4 mill. from the placing of Hungarian shares abroad; Kr.8.9 mill. from the State loan for the stabilisation of the currency; and Kr.7.1 mill. for exportation of noble metal and specie; and Kr.6.6 mill. (gold) in the form of interest and dividends from abroad but almost exclusively from the transferred territory, in addition to smaller items of less importance. On the liability side the importation of goods amounted to Kr.436.9 mill., or 90.2 per cent. of the total sum of Kr.484.3 mill. (gold). The other chief items were Kr.10 mill. paid to the account of the War Debt; Kr.10.4 mill. paid for foreign securities; Kr.8.3 mill. expended abroad by Hungarian tourists; and Kr.2.4 mill. (gold) paid abroad in the form of debt service and dividends.

On the asset side of the 1924 account the exportation of goods figured at Kr.575.6 mill., representing 63.7 per cent. of the total of Kr.903.8 mill. (gold). The sum of Kr.148.5 mill. released by the Commissioner General from the League of Nations Loan at the end of the year also figures under the assets. The mills and sugar factories claimed seasonal credit to the extent of Kr.90 mill., whilst the currency loan of the banks and other undertakings attained the sum of Kr.19.5 mill. Hungarian emigrants in America remitted Kr.19.3 mill.; old and new securities placed abroad accounted for Kr.12 mill.; and the transit trade brought in Kr.5.1 mill. (gold). On the liability side goods imported accounted for Kr.712.6 mill., or 78.9 per cent. of the total sum of Kr.903.5 mill. (gold). State remittances abroad reached the figure of Kr.103.5 mill., whilst payments were made to the account of the War Debt and a portion of the seasonal credit was refunded. A sum of Kr.23.3 mill. was paid in debt interest and dividends, or about ten times the amount paid to this account in the preceding year.

The year 1923 closed with an adverse balance of Kr.56.4 mill. (gold), whilst 1924 closed with a favourable balance of Kr.0.3 mill. (gold).

INDUSTRY

Crisis in the Coal Industry.—The Hungarian coal mining companies are passing through a very critical period. The consumption of coal is declining and the home concerns are finding the competition of foreign coal on the Hungarian market more and more severe. In the year 1923 the output of Hungarian mines amounted to 77 mill. metric cwts.; in 1924 it fell to but 71 mill. metric cwts.; whilst the total production for 1925, judging by the provisional figures of the latter part of the year, will prove not to exceed 59 mill. metri-

cwts. The number of miners employed is also gradually being diminished, having fallen from 55,000 in 1923 to but 35,000 at present date. During the course of the past two years forty-five mining concerns have closed down and many others have restricted or reduced their activities. Although the close of the sugar campaign brought a temporary revival in the coal industry, a reaction has set in and it is expected that the situation in the near future will become worse. The decline in the business for the year, as compared with that of the preceding year, is represented by a little over 16 per cent. (*Pester Lloyd.*)

Difficulties of the Textile and Machine Industries.—

The prevailing market crisis in Hungary is affecting all branches of industry, being reflected in a pronounced manner in the textile and the agricultural machinery branches. Business is very slack and the manufacturers have been compelled to alter their conditions of sale in order to do any business at all. They are now offering their customers extra long credit, in some cases to the extent of six months. Further alterations in the conditions of payment are expected in the early part of the present year, when, it is reported, agricultural machinery will be delivered on terms allowing for payment within five years. The aim of this industry is to encourage the farmers to buy. Such conditions demand, however, large financial resources on the part of the manufacturers, who will probably be compelled to resort to further borrowing. Like conditions are prevailing in the textile industries and the manufacturers are demanding that the Government should conclude commercial treaties with the neighbouring States.

ITALY

FINANCE

The Monetary Programme.—The statements made by Signor Mussolini and by Count Volpi towards the close of the past year concerning the attitude of the Government to the currency problem appear, from numerous Press reports, to have given general satisfaction. In financial circles it is held that these statements have considerably assisted in clearing the air of various doubts that had arisen. The Minister of Finance has definitely stated that it is his purpose to work towards the stabilisation of the lira, whilst the Premier on his part has plainly declared that such efforts, so very necessary for the development of national commerce and industry, do not exclude parallel efforts directed towards the improvement of the currency. At all events the problem of the eventual conversion into the gold standard, which has lately been so much discussed, is not considered of great urgency. Financiers and manufacturers now feel that there is more solid ground to stand upon. The ministerial statements should also encourage thrift, since many will now be induced to save in the hope of an improvement in the value of the lira in the near future. Signor F. Lanza, writing in the *Corriere Economico*, points out that a very rapid revaluation of the currency would probably provoke an industrial and commercial crisis, such as elsewhere has been the case. Without entirely abolishing the paper lira there are two methods of immediately returning to the gold standard; one by "devaluation," and the other, the introduction of the double currency. The first consists in substituting for the depreciated paper currency a new metal unit of lower value than the former lira. This was the system followed by Count Witte in the monetary reform of Russia. The system of the double currency was applied in India towards the end of the last century for the stabilisation of the rupee; it consists in establishing a fixed and permanent relation between the gold and the paper units. The Italian Government has made it clear that neither of these two systems will be followed in Italy. The first condition for conserving a sound metal currency is to be able to maintain a favourable balance

of payments, or to be the creditor and not the debtor of foreign countries. Only when a country has satisfied this condition will the exchange be favourable, oscillating but slightly around the gold-point. The policy of the Italian Government appears to be to continue the circulation of the paper currency within the country, and, at the same time, to assure foreign countries payment in gold value and also to enable Italian merchants and manufacturers to procure sterling and dollars against a fixed rate of their paper money. At this stage the lira will remain stable and the exchange will not fluctuate more than as affected by the course of the balance of payments and within the rigorous limits of the gold-point. The question of the debt to the United States has been regulated and the Minister of Finance has arranged for a loan of a hundred million dollars. It is not possible to effect stabilisation without the State having at its disposal a sufficient quantity of gold or foreign credits. Financial history will probably approve the strict and simple method adopted by the Italian Government.

Surplus for the Financial Year 1924-25.—The finally revised details of the closed Treasury accounts for the financial year 1924-1925 have not yet been made available, but from a ministerial statement made last month it is evident that the financial year ended June last has been most successful. Speaking in the Chamber of Deputies on December 12 last, Count Volpi, Minister of Finance, announced that the closed accounts of the past financial year revealed a surplus of L.417 mill., instead of L.209 mill. He maintained that this favourable result was due to the policy of strict retrenchment that had been followed by the Government and reflected the contributory power of the Italian public. The President of the Chamber expressed the opinion that this extraordinary result was the natural outcome of the determined efforts of the present and the former Minister of Finance to set the country's finances in order. It further reflected very real sacrifices on the part of the people who throughout the whole country were absolutely united in a like determination.

In a note of an official character that was published it was explained that the last time when the closed Treasury accounts showed a surplus was for the financial year 1910-11, when the balance amounted to L.11.5 mill. The big surplus for 1924-25 was possible owing to the increased yield of the principal taxes, the minor impositions and also because of the sound administration of the railways. (*Corriere della Sera.*)

Treasury Statement July to November.—The following particulars of the Treasury situation during the first five months of the financial year 1925-26 are published in the supplement to the *Gazetta Ufficiale* and reproduced in the *Corriere della Sera*. The effective receipts, ordinary and extraordinary, for the above-mentioned period exceeded the effective ordinary and extraordinary expenditure by the sum of L.772 mill. Compared with the situation on October 31 the realisable assets improved by L.198 mill., passing from L.3,048 mill. to L.3,246 mill. The situation of the Public Debt at the end of November showed an augmentation of L.206 mill., in respect to the situation at the end of the preceding month. The statement showed an effective surplus of L.202 mill., whilst that of the preceding financial year for the corresponding period resulted in a deficit of L.196 mill. During the five months an improvement of L.398 mill. has been realised. The nett surplus of L.202 mill., notwithstanding the increased expenditure of L.1,279 mill. within this period, represents an improvement of L.127 mill. on the original estimates, which provided for a monthly surplus of L.15 mill., or a surplus of L.75 mill. for the five-month period.

The total circulation of the State and banks amounted on November 30 last to the sum of L.21,304 mill., thus showing a diminution of L.276 mill. on the figure registered on October 31. The aggregate nett investments in ordinary joint stock companies during the period July

to November totalled L.2,821 mill., the nett investments for the month of November being L.638 mill. The credit of depositors in the Post Office Savings Bank figured at L.10,330 mill. at the end of November.

TRADE

Foreign Trade Returns January to October.—

The value of exports during the first ten months of 1925, states the *Corriere della Sera*, amounted to L.14,782 mill., whilst that of imports rose to L.21,709 mill. The result of the foreign trade during this period therefore shows an adverse balance of L.6,927 mill. Compared with the corresponding period of 1924, which resulted in an adverse balance of L.4,016 mill., exports in the 1925 period showed an increase of L.3,650 mill. and imports an increase of L.6,561 mill.

The commercial treaty with Germany, which was concluded in November, has aroused considerable discussion throughout the Press and doubts are expressed in some quarters concerning the benefits that will arise for Italy out of the agreement. In general it is conceded that although Italy is rapidly developing into one of the most important industrial countries the main object of the exporter is to be assured of good markets for agricultural and dairy produce. The treaty with Germany should greatly stimulate this branch of the export trade, against which the easier access of German manufacturers to the Italian inland market may have an unfavourable effect upon Italian industry at the outset. In a short time, however, the conditions affecting the commercial exchanges between the two countries will be regarded as normal and the immediate effect upon Italian industry will thus be removed. Moreover, certain Italian products enjoy special advantages under the treaty and this should offset any adverse effect upon manufactures. At present the balance of trade between the two countries is slightly in favour of Germany, the largest imports from which country are coal, iron and steel wares, machinery, implements, apparatus and scientific instruments and tanned hides. Italy is increasing her hold on the German market chiefly in regard to automobiles and raw and artificial silk.

The recent agreement arrived at between the "Cice" (Compagnia Industriale Commercio Estero) and the Soviet Trade Delegation in Italy chiefly affects the exportation to Russia of Italian manufactured articles, footwear and automobiles. It is expected that the trade in these commodities will be greatly stimulated as a result of the present arrangement. The Cice, it should be noted, was established by the Banca Commerciale Italiana and the Banca Nazionale di Credito.

The Volta Agency has circulated a report that the adverse balance of foreign trade for the year 1925 is estimated at about L.2,500 mill. more than the adverse balance of trade for 1924. This is due largely to the very heavy importation of cereals and the increased imports of metals and metal wares.

INDUSTRY

Electrification of Southern Italy.—During the past year systematic efforts have been made in Italy to develop her potential assets by utilising her water power, reclaiming waste territory, and by applying science to industry and agriculture. The past year has witnessed a notable step forward in the development of the resources of the most backward sections of southern Italy by the systematic installation of electric power stations, states the *Monthly Survey* of the Association of Italian Corporations. Early in the year a decisive step was taken in this direction when a great central electric transforming station was opened at Bari. This may rightly be considered as the start toward a radical change in the economic structure of a potentially wealthy and industrious region. The striking economic superiority of the north of Italy is largely due to the utilisation of its water power for industrial purposes. The almost total lack of hydro-electric

plants in the south has hindered the growth of manufactures and retarded the introduction of scientific agriculture. Apulia, for instance, could hitherto only boast a few power stations burning coal; as long as coal could be delivered there at L.30 or L.40 per ton there was no economic incentive to transport hydro-electric power from distant centrals. War and post-war conditions have justified what would not have been entertained ten years ago.

The great need of Apulia is to solve the question of securing water for the development of her agriculture and of the industries therewith connected. In this province deforestation and the porous nature of the soil have led to arid conditions. The water courses percolate into the subsoil and run there at no great depth. In the coastal districts the surface soil often subsides and then marshes and malaria prevail. This accounts for large areas of several thousand hectares in extent which are barren and unprofitable. If these underground waters are to be utilised they must be raised to the surface by electric pumps, which, being of small power, should be multiplied throughout the province. Power is also needed for running electric ploughs and other machinery, so as to cultivate the ground with the minimum amount of men and beasts. The province is at present unequipped with buildings and other requisites for housing and feeding a numerous population. Experts are now coming to the conclusion that rather than taking water to the land by canals and aqueducts the real solution lies in installing electric lines and utilising the subterranean reservoirs which are already there. Studies for this purpose have been undertaken by the Consortium for the Apulian Aqueduct. A company for the integral reclamation of Apulian lands by drainage, irrigation and scientific farming has been formed with the participation of the great hydro-electric companies. Other similar companies may also be formed. The artificial lakes now nearing completion on the Sila plateau will supply the energy for the many central stations now being erected throughout the region. In Apulia the power must be provided so as to create the market. In the past year the Consortium for the Apulian Aqueduct has added 18 communes with a population of 200,000 inhabitants to the long list of those to which it has, during the past ten years, brought the boon of a regular water supply.

Italian Exploitation of Albanian Forests.—According to a Decree published in the *Gazzetta Ufficiale* a special Italian company is to be formed for the exploitation of Albanian forests. Article 1 of this Decree grants to the Italian Minister of Communications the right to control this new concern in order to assure the railways and other consumers a full supply of timber for making sleepers and other railway requisites and also to secure a sufficiency of timber for building purposes. The new company will be an autonomous concern under the supreme control of the Railway Administration, which has the right to establish in Albania its own labour management department. A sum of L.30 mill. has been allotted to the company towards its initial working expenses.

The Paper Industry.—Attention has of late been directed by the general Press to the development of the paper industry in Italy. The major part of the imported paper has hitherto come from Germany, but efforts are now being made to stimulate the home industry. For years past the importation of newspaper paper in rolls steadily increased, but during more recent months a marked decline has set in. The following data, gathered from various sources, give some indication of the present position of the industry.

During the first seven months of the past year the importation of paper, carton, etc., pulp, etc., attained the figure of L.212 mill., as against L.143 mill. and L.119 mill. respectively for the corresponding periods of 1924 and 1923. Of the total value of such imports in the mentioned periods of 1925 about L.123 mill. was for

pulp to be used in the manufacture of paper and also of artificial silk. This represented a considerable increase on the value of such imports in former years. A comparison of the total weight imported in the respective periods produces some striking results. During the period January to July in 1925 the total weight of these imports rose to about 880,000 quintals, which is nearly double that of the preceding period in 1924 and more than two and a half times as much as was imported in the corresponding period of 1923. It is difficult to determine exactly what portion of these imports is devoted exclusively to the production of paper, but it is certain that the quantity assigned to this purpose is rapidly growing. The value of imported finished paper and paper products totalled about L.89 mill., whilst the exportation of similar commodities attained the figure of about L.61 mill. The adverse balance in the foreign trade in finished paper and paper products is gradually being reduced and hopes are now being entertained that a favourable balance in this particular branch of international exchanges will soon be established.

COMMUNICATIONS

Development of Automobile Lines.—The rapid development of automobile lines in Italy during recent years has been assisted by the great difficulties in the way of railway developments. The geographical conformation of the country, traversed by high mountain ranges, makes the building of railways very expensive and has necessarily limited the growth of the railway system. Moreover, the railway stations which serve the many small towns perched high up on the hills or mountains are generally several miles off. In giving the statistics of the development of automobile lines in Italy the *Report* of the General Federation of Italian Industries mentions that the difficulties arising from such conditions, which would naturally have greatly hindered the development of traffic in recent years, have been overcome by the early realisation of the possibilities of substituting automobile for railway traffic in the minor centres. This has led to the establishment of one of the most important regular systems of automobile lines in the world. The following data indicate the rapidity with which the service has developed (in kilometres):—

	Lines receiving subsidies.	Unsubsidised lines.	Total.
1905 ...	68	—	68
1910 ...	3,135	—	3,135
1915 ...	13,950	—	13,950
1920 ...	20,433	9,460	29,893
1925 ...	27,613	26,000	53,613

This net-work of automobile services is managed by 885 different concerns, running 1,692 different lines varying in length from a few kilometres to one thousand and more. In 1924 these lines conveyed 30,000,000 passengers, as compared with 103,000,000 carried by the State railways.

UNITED STATES

Future of the Gold Supply.—For three decades prior to 1915 the world experienced a swiftly rising flow of gold into the international store, says the National Bank of Commerce in New York. Discussing the gold supply in the January issue of *Commerce Monthly* the Bank says: Then came a sharp reduction in output, with partial recovery in the past several years. The future of new supplies is of interest. Even before the war there were signs that the tide of gold production was at or near its highest. The return of the pre-war trend seems very improbable. Rather, the likelihood is of an output well sustained or even rising somewhat above present levels for a time, but over a period tending to decline.

Gold is mined in about three-score countries. Of the total 1924 world output of \$389,000,000, however, more than half was produced in a single country, the Union of South Africa. Over 70 per cent. came from the British Empire. If there is added the production of the

United States and Mexico nearly nine-tenths of the whole is accounted for.

Since the discovery of the California fields the United States has contributed to the world's supply about 4½ billion dollars of gold, a sum greater than has yet come from any other country. But the major contribution of the United States has apparently already been made, though it will probably continue, for a long time, as one of the leading producers of the precious metal.

Large increases seem much more likely to come from Canada, which has doubled its production since 1920 and which may surpass the United States within a few years. Mexico, until the outbreak of revolutionary disturbances about 1910, was increasing its output of gold. Were political stability assured, the more adequate application of capital and better economic organisation of the industry might make possible some increase in production.

The gold production of Siberia has been limited by poor transport and inefficient methods. No rapid increase is likely, but eventually it seems probable that production may be increased, depending on improvement of technique and transport which will make possible the exploitation of lower grade ores.

Africa has been worked for gold for centuries, but only within recent decades has the real wealth of gold in that continent been touched. Its development began with the discovery of the Rand deposits of South Africa about 1885. Since then the Rand has contributed nearly four billion dollars of gold to the world store and it is now furnishing well over half the total annual output.

The Rand is now producing more than ever before. Is its trend likely to continue upward, or is it now near maximum? The latter seems the more probable. A number of official and private estimates have forecast declining output over the next few years. To a degree these estimates have been belied by the vigour of the Rand in the past several years. But, while the field has had a greater vitality than was anticipated, it is probably at or near its zenith. Its decline, however, will be gradual and its aggregate life should extend over several decades to come.

By no means all the gold produced becomes available for monetary use. Of the world production of \$19,500,000,000 since the discovery of America, monetary stocks were estimated to contain about \$9,700,000,000 at the end of 1924. The difference is accounted for by losses, industrial consumption, and the absorption of treasure in countries of the East, notably India.

Summarising, the rapid growth of gold output down to 1915 far more than offsets increased non-monetary uses. Before the war 250 to 300 million dollars a year was apparently being prospected into monetary employment. For the future the prospect seems somewhat different. World output may show moderate improvement over its present level for several years, but there is small likelihood of a resumption of the rapidly rising trend of the three decades ending with 1915. Rather, the outlook is for stability of output with only moderate changes, in either direction, from the present level. It must, of course, be emphasised that this view is based on current conditions and production, that though the earth has been pretty well overrun by prospectors there are still possibilities of important discoveries, and that for the longer future gradual betterment of communication and technique will doubtless make available reserve which cannot now be worked. But in so far as it can now be judged, future additions of gold to monetary stocks are likely to be considerably smaller than those to which the world had become habituated before the war.

The Building Industry.—The activity of the building industry in the United States during 1925 has far surpassed all previous records. The value of contracts awarded in 36 States in the first eleven months, as reported by the F. W. Dodge Corporation, was \$5,310,950,000, which is nearly 28 per cent. larger than the total for the corresponding period last year and 44

per cent. larger than that of two years ago. In discussing the building industry in the United States, the *Guaranty Survey*, the monthly publication of the Guaranty Trust Company of New York, compares this activity with the critical situation which arose in the spring of 1923, when the industry was physically unable to handle the volume of work contemplated, and soaring costs, labour shortages and delayed deliveries forced the postponement of many projects.

In terms of floor space, continues the *Survey*, the magnitude of the year's operations is no less striking. Contracts so far reported provide for a total area of 824,574,500 square feet, which compares with 650,865,100 a year ago, and represents an increase of nearly 27 per cent.

Despite this extraordinary level of activity, the costs of building materials have been remarkably stable. It would appear, indeed, that the general trend had been slightly downward since the beginning of the year, and that the present level of costs was approximately equivalent to that which prevailed a year ago. Even the wages of building labour, which have presented serious obstacles to the progress of the industry at various times in recent years, have risen only moderately. There has been, moreover, a notable absence of wage disputes and of critical labour shortages.

As has been the case for at least two years, opinion regarding the near-term future of the industry is sharply at variance. The view that the peak of activity has been reached and passed receives some support from such meagre data as are available regarding the level of building rentals. It appears that average rents of houses and apartments have been moving downward for more than a year. If this is the case, the incentive to new buildings may reasonably be expected to weaken as time goes on.

It is perhaps more significant that increasing comment is heard throughout the country to the effect that building has taken on a speculative character, and that high activity continues in many localities in which tangible evidence of housing shortages has ceased to exist.

Because of the wide range of business interests directly or indirectly dependent on construction, the course of the industry has been followed with close attention. The possibility of a general over-expansion of activity, followed by an abrupt decline and a collapse of real estate values, has been a source of some anxiety, particularly during the past year. In view of the essentially regional character of building and real estate values, it appears hardly probable that the more dire predictions will be realised.

Nevertheless, concludes the *Survey*, it is doubtful whether the recent scale of activity can be maintained for another year. An orderly recession to a more moderate level, occurring here and there as the situation in different sections resumes a normal aspect, is to be desired. Even with the utmost caution, however, the decrease in the demand for building materials and labour, which may easily occur within the next year, will inevitably remove an important stimulus to industrial and commercial operations in many lines.

The Exodus from the Farm.—Some popular fallacies concerning the supposed shifting of population from rural to urban communities were competently discussed by Professor Burr, of the Kansas Agricultural College, in a paper read before the American Sociological Society. The prevailing idea that farms are being deserted on a large scale because of the economic hardship appears to have a certain statistical support. But as a matter of fact it is a local rather than a general condition. To the extent that it is taking place it results from a variety of causes, among which are an inevitable and even wholesome readjustment of the distribution of labour.

Census returns show that over the past two or three decades the population of the farms has remained practically unchanged, though the production of foodstuffs has about kept pace with the increase in total population.

Surplus for export has shown some diminishing tendency. That the number of persons on the farms has not increased in proportion to the increase in population of the country means, in a sense, a drift away from the farms, but the maintenance of the food supply points conclusively to better farm production methods, including the substitution of machinery for hand labour.

To put it simply, the country is discovering that the same number of farmers can meet the augmented demand for food for the growing cities. Expansion of the urban population, as Professor Burr points out, has not been all it appears to be from the census figures, since municipal boundaries have been extended the country over and "cities" have been made on paper by reorganisation of village forms of government. But labour goes where the bid for it is highest. Industrialisation of the farm has released surplus labour to fill the more urgent demand from the factories.

If farm conditions are still unsatisfactory to those who own or work on farms, it is pertinent to consider what those conditions would have been if such surplus labour had remained on the farms, attempting to sustain itself by following antiquated and therefore too expensive methods of production. If farm ownership and labour have been inadequately compensated, as has doubtless been the case at times, the natural corrective of the shifting of labour to other fields, with regeneration of farm methods under the spur of necessity, is exactly what should have taken place.

Urban dwellers will have to pay enough for their food to make its production profitable. There need be no fear that, in the long run, they will not do so, or that the population on the land will fall below the number that adequate food production requires. The distribution of workers as between the farms and the cities is not perfect or constant, but it changes in response to genuine economic forces, not because of the movies or the radiance of white collars.

It is conceivable that in time the United States may become so highly industrialised that it will not raise its own food; but that time is not yet, nor would such a condition work against the farm owner. An unwieldy surplus which must find markets abroad is worse. (*Wall Street Journal*.)

FOREIGN BANK RATES.

Per cent.	Per cent.	Per cent.
Amsterdam 3½	Dublin 6	Prague 6
Athens 10	Geneva 3½	Reval 9
Belfast 6	Helsingfors 7½	Riga 8
Belgrade ... 6	Kovno 7	Rome 7
Berlin 8	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 6	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.

THE MIDLAND BANK LIMITED.

The annual report of the Midland Bank Limited as submitted to the ordinary general meeting of shareholders shows that, after full provision has been made for bad and doubtful debts, the net profits for 1925 amounted to £2,522,469 0s. 5d., to which has to be added a balance of £801,467 2s. brought forward from last account, making a total of £3,323,936 2s. 5d., which has been appropriated as follows: Interim dividend for the half-year ended June 30, 1925, at the rate of 18 per cent. per annum, less income tax, £848,862 1s. 7d.; Dividend for the half-year ended December 31, 1925, at the same rate, less income tax, £94,907 12s. 11d.; Bank premises redemption fund, £600,000; Officers' Pension Fund, £150,000; and Balance carried forward to next account, £813,166 7s. 11d.—total, £3,323,936 2s. 5d. As compared with 1924 the liabilities work out at £411,485,767 on December 31, 1925, as against £420,568,687 a year earlier, fully covered by the assets.

SPECIAL ARTICLES

THE LABOUR COURT IN ARGENTINA.*

By WILLIAM C. WELLS,
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Union.

In the Latin American countries heretofore the relationships of labour and industry have not in any large measure assumed those phases of acute contra-purpose, nor as yet developed the more serious conflicts, that have marked the industrial development of the United States and Western Europe during the last quarter of the nineteenth and the first quarter of the twentieth centuries. Of course the main reason is that Latin America is not yet highly industrialised, and, in so far as it is, remains for the most part on the individualistic basis. Antagonisms between employers and employed have always assumed larger proportions where the industry, having outgrown individual management and ownership, has changed into an impersonal society or corporation employing vast numbers of men under group conditions as to working hours, wages and control. Whether it be justified or not, there is in the minds of employees everywhere a feeling that justice and fair treatment is less to be expected from "soulless" corporate bodies than from individual owners.

Yet Latin America tends to follow in the same grooves as the United States and Western Europe. The development of industrialism spreads rapidly, so that in a number of the countries—Argentina, Chile, Brazil, Mexico, and Cuba notably—there are industries that have arrived, or are arriving, at the same status as like industries in the United States and Europe. In all the countries the movement is in the same direction, toward centralisation and specialisation.

With this movement there is developing the same growing rift between labourer and employer that marks the growth of industrialism elsewhere.

In one branch of industry concentration in Latin America has gone farther than it has in the United States or Western Europe. That is in agriculture, including grazing. Apparently there is no trend toward industrialised agricultural production in any of the European countries or in the United States. The movement is all the other way, toward decentralisation or individual ownership and control. One cannot be over-confident as to the ultimate outcome in Latin America, but at present the chief agricultural production—one may say all such as is on an export basis—is industrialised in much the same way as the manufacturing industries elsewhere.

This means production by large units, in general, corporations, owners of large tracts of land and employing labour on a large scale. The agricultural production of Latin America that enters into international trade, *i.e.* the exports of sugar, coffee, wheat, corn, linseed, meats and hides, is for the most part from industrialised sources. But one must distinguish between production for home use and production for export. For example, nearly every Latin American country produces sugar, but only Cuba and a few others are constant exporters of sugar. In consequence we find that it is in Cuba that sugar production is industrialised to a high degree. So it is with coffee, grain, and animal products. It is in the well-known centres of production for export and not elsewhere that these industries have become centralised, specialised, and under corporate control to a considerable extent.

Conflicts of interests between employers and employed in Latin America arise in the mining industries, in transportation, in agriculture, and in manufacturing. In the mining industries they occur for the most part in oil, nitrate, and copper production; in transportation with stevedoring, lightering, and tramways; in agriculture, with sugar cane, henequen, and cattle raising, and in

the manufacturing industries with textile production. Nevertheless these conflicts, except in a few cases of oil and nitrate production and at a few ports with dock labourers, have never assumed the proportions that similar conflicts have assumed in Europe and the United States. The rift between employer and labourer has not opened so widely and the consequent antagonisms have not manifested themselves with so much of violence and feeling. But it is easy to see that the world-wide breach that exists between capital and labour manifests itself in Latin America as elsewhere. If it has not assumed such great proportions it is solely because the industrial conditions are as yet less favourable to its development.

In a number of the Latin American countries, notably Mexico, Argentina, Chile, Uruguay, Cuba, Brazil and Peru, the subject of labour legislation has been to the fore for a number of years. It is perhaps no exaggeration to say that nowhere in Europe or in the United States have labour questions, particularly labour legislation, received that degree of attention and publicity they have in Latin America, especially in the countries above mentioned. Necessarily much of the discussion has been academic, and much of the legislation enacted is not only experimental—as such legislation is more or less everywhere—but it anticipates conditions not in reality now existing or not yet appearing to need special remedies. In all this class of legislation Latin America seems to be building for the future. To one familiar with the slower processes of legislation in the United States and its general characteristic of following rather than attempting to precede popular movements, Latin American labour legislation has heretofore appeared in a large measure declaratory rather than remedial, and as Dr. Alejandro M. Unsain, Professor of Labour Legislation in La Plara University, says of Argentina (*Revista de Ciencias Juridicas y Sociales*, October 1924), in spite of the importance of its labour and social legislation Argentina lacks the procedure to make such legislation effective. Especially is this true, as Doctor Unsain points out, in respect to means for the settlement of difficulties arising between employers and employees. Labour legislation in a number of European countries tends toward the creation of special labour codes and special tribunals to administer the same. The tendency in the United States and England is toward the amalgamation of labour legislation with the common body of municipal law to be administered by the ordinary tribunals and to entrust to executive officials or boards of arbitration a quasi-judicial mediatory power for the settlement of questions of wage schedules, hours of work, collective bargaining, and the like, that in general do not comport with the generally accepted ideas of what should be within the province of positive law and ordinary court procedure.

The Latin American countries incline to follow European models.

President Alvear of Argentina on July 10 last in accordance with his promise made at the opening of Congress in May submitted a proposal of law for the creation of a special labour tribunal with extensive jurisdictional power. In his message transmitting the proposal the President says: "The idea of constituting tribunals expressly charged with the application of the laws governing the relations of capital and labour in the many aspects of the economic activities of the country has been the object of various initiatives." He calls especial attention to two projects presented to Congress, one in 1914 and the other in 1916, neither of which were adopted, although the mass of general labour legislation had grown to large proportions: "This legislation having been considerably augmented, its procedure, application, and interpretation could not further remain circumscribed within the limits of a simple appendage, accidental or accessory,

* From the *Bulletin of the Pan American Union*, January 1926.

of the existing courts on their civil, commercial, or criminal side." Labour questions and the conditions of the working classes in the opinion of President Alvear "demand opportune solution to secure an efficacious and immediate support to controverted interests and rights; and this can be arrived at only through separate jurisdictional tribunals administered by judges occupied exclusively in the study of labour laws and the essential facts of industrial activity with its modern characteristics."

The project submitted by the President in three chapters contains amendments to a number of the existing labour laws intended to adapt the procedure thereunder to the new jurisdictional court. This court is to be established in the Federal Capital, Buenos Aires, and to consist of a judge of labour, two secretaries, and other necessary officials. It is to have appellate and final jurisdiction over all questions of labourers' and employees' pensions and conciliatory and arbitral decisions of the offices and boards established under existing laws. In all other labour matters it has original jurisdiction subject to appeal to the civil and the criminal courts of appeal.

In respect to this last provision the President says: "The ideal consists, without doubt, in the organisation of entirely separate labour tribunals with the specialised two judicial instances, that is to say, with both the labour court and the court of labour appeals, but that would be a little costly considering the necessity for the greatest possible economy. Therefore as a transitory solution the court of first instance (original but not final jurisdiction) is proposed and there is entrusted to the appellate chambers in civil and in criminal matters appeals against errors according to their nature."

No doubt the project of the President falls short of what the more radical thinkers in Argentina have been looking forward to, *i.e.* a complete system of labour jurisprudence administered exclusively by labour tribunals, but this no doubt is what will be arrived at. In Argentina and elsewhere in Latin America, labour legislation is building itself into a separate system of jurisprudence. Administration in separate courts will be in Latin America a natural corollary. This ideal differs essentially from the predominating sentiment of England and the United States. Labour questions in the English-speaking countries in so far as they remain controversial are to be settled by agreement or arbitration, and in so far as they have passed the limits of controversy and by enactment become statute law are administered in the ordinary courts of law.

Latin American countries, and especially Argentina, are disposed to bind closely together as one subject-matter all social legislation, whether it be such as is elsewhere denominated labour or not. This may tend to the enlargement of the jurisdiction of labour courts when they shall have been established and are functioning. This is an end that many writers on labour subjects seek to attain.

As Professor Unsain in the article above referred to points out, Argentina is not without local precedents for the establishment of specialised jurisdictions. In the law organising the courts in the capital, Buenos Aires, market judges are provided for with jurisdiction up to 100 pesos covering sales of live stock and produce, carriage charges, and questions involving correct weighing and measuring. The judges in these courts are selected by the President from among the merchants in the market who on account of their occupation have special qualifications for acting as judges in matters of this character.

This idea of special qualification is in the minds of all the advocates of separate labour courts, and is incorporated in the President's proposed law that requires the judge of the labour court to be not only a practising lawyer of ten years' standing, but in addition to be well versed in labour questions and to have had experience with the application of labour laws.

In Buenos Aires there are other tribunals and quasi-

courts functioning in specialised cases; in the Chamber of Commerce, the Potato Association, the Grain Market, etc. The General Prefecture of Ports in certain disputes between captains and members of ship's crews acts quasi-judicially so as in effect to create a specialised shipping court.

ECONOMIC CONDITIONS IN VENEZUELA.

A report on the economic conditions in Venezuela by Mr. H. A. Hobson, His Majesty's Consul, Caracas, has just been issued by the Department of Overseas Trade.* The report bears date September 1925, and may be considered to survey a period covered by the preceding twelve months.

Writing of the situation in Venezuela at the present moment, Mr. Hobson reports that it may be considered as very satisfactory; the development of the petroleum industry has brought wealth to the country, whilst the régime of President Gomez has given Venezuela a measure of peace and prosperity such as it has rarely before enjoyed. Everywhere there are signs that things seem to be developing in the right direction; and if the internal peace of the country can be preserved—and there seems no reason why it should not be—a continuance of the forward movement can be anticipated.

Venezuela is a country of possibilities; she is well provided with minerals and is rich in agriculture and cattle. One of the first steps towards expansion and development, suggests Mr. Hobson, should be the improving of internal communications; of this, however, the Government is fully aware and particular attention is being paid to road construction. A great drawback, which constitutes a serious problem now that the petroleum industry is making such rapid strides, is the scarcity of labour. For a country with an area of nearly 400,000 square miles, a population of only two and a half millions is manifestly insufficient. Health conditions, however, are undoubtedly improving, so that the difficulty of attracting sufficient foreign labour may be gradually overcome.

In spite of all obstacles, Mr. Hobson feels that there is good reason to be optimistic concerning the future of Venezuela, and he considers that now more than ever is it important that she should not be neglected by British interests; British capital and hard work helped the country in its beginnings—many of the first public utility companies, such as railways, electric light, telephone and tramway services, were British enterprises, and now in addition there are very large British oil interests. No effort, therefore, suggests Mr. Hobson, should be spared to maintain and improve Great Britain's position.

During the period reviewed by the author of this report there has been some noticeable improvement in trade. At the beginning of 1924 there was a certain amount of overstocking in the market, but the position seems now to have righted itself. The briskness of trade is reputed to be due mainly to the excellent coffee crop of last year, which fetched very high prices; the cocoa and sugar crops also were good. The development of the petroleum industry has likewise had a very beneficial effect on the trade of the country.

Of the imports, the market in automobiles and oil-field machinery is important. Every day the number of cars and lorries coming into the country is increasing, principally owing to the improved condition of the roads. It is suggested that price is the question to be studied by British car manufacturers venturing on this market. Textile machinery and agricultural machinery come mostly from Great Britain and the United States; the new textile factory at Maracay belonging to the President is almost entirely fitted out with British machinery. Hardware comes principally from Great Britain and Germany; drugs and patent medicines, for which there is a considerable demand, from France, Germany and

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

the United States; there seems to be no reason why there should not be a larger British share in these commodities. Porcelain is imported from Holland and Great Britain, while the cheaper earthenware is generally of German or American origin. The wheat imported is Canadian or United States. Foodstuffs come mostly from the latter country: there is scope for improvement in British imports of the latter. There is a fairly large market for tinned goods, biscuits, sauces, etc., in the Maracaibo oil district, and it appears that most of these commodities are imported at present from the United States. In textiles Great Britain has a good command of the market for the better class goods; the cheaper quality textiles are either of local production or from the United States. Mr. Hobson gives a list of commodities for which he considers that there should be increased opportunities and new openings for British firms. Among them may be enumerated the following: Agricultural, textile and road-making machinery, as well as implements and cement for the latter; gas oil engines and oil stoves; foodstuffs; oil-field machinery and material such as wire rope, barbed wire, and light railway material; and roofing and similar building materials.

Speaking of the petroleum industry, the report says that the year 1924 can be deemed to have been a very successful one for the Venezuelan oil-fields. The greatest success and activity was in the Maracaibo neighbourhood, although there was a certain amount of activity in the State of Falcon and in the States of Sucre and Monagas in Eastern Venezuela. During the year 39 wells were completed as producers, making a total of 86, and on the last day of the year there were 51 others being drilled. It is remarked that a great impetus to the petroleum industry in the Republic has been the fear of the failure of the present deposits in Mexico. Most of the capital employed in the Venezuelan oil-fields is British or American, but up to the present, so far as the figures available will show, nearly all the production has been by British and Anglo-Dutch companies. There still remain enormous difficulties to be faced by the operating companies: the clearing of the country and the building of tracks and pipe lines, and the transport problem of the Maracaibo lake. Progress, therefore, will be somewhat slow, although it is estimated that Venezuela will assume fifth place this year in the list of oil-producing countries. Further developments are expected in Eastern Venezuela this year. The Bermudez Company recently bought in two wells, and much geological investigation is being carried out by other companies. The lead in output was taken during the period under review by the Caribbean Petroleum Company, with the Venezuelan Oil Concessions Ltd. and the British Controlled Oilfields Ltd. second and third respectively. The Caribbean Petroleum Co. have a refinery at San Lorenzo for the purpose of producing gasoline and kerosene for local requirements, and the capacity of this refinery continues to increase. The rest of the crude oil of the Royal Dutch Companies (Caribbean, V.O.C. and Colon Development) together with that of the British Controlled (with whom the Royal Dutch have a buying agreement) is shipped to Curaçao. The company has just added seven new tankers to its fleet, and the capacity of the refinery at Curaçao has been increased to 50,000 barrels crude per day. The Lago Company has six small tankers in service, transporting crude oil to a storage ship which is stationed at the island of Aruba. The company is now building a large terminal at St. Nicolas Bay, and possibly a refinery will be established there. It will be gleaned from the figures of the trade during the last two years that immense strides have been made in oil production in Venezuela. A new law on hydrocarbons and a new mining law were published in July 1925, and translations of these may be perused at the offices of the Department of Overseas Trade. On the whole, the facts produced by Mr. Hobson justify the optimism which is both expressed and implied in his excellent report.

THE ECONOMIST'S BOOKSHELF.

FAMILY ENDOWMENT BY INSURANCE.

Family Income Insurance. By JOSEPH L. COHEN, M.A., of the Department of Economics, Cambridge University. With a Preface by ELEANOR F. RATHBONE. (London: P. S. King & Son, Ltd. Price, 1s. net.)

In this essay, Mr. Cohen has extended the form and substance of an address given by him some months since to the Family Endowment Society, and in which he outlined a scheme of Family Endowment by the method of Insurance. The whole question of Family Endowment is, largely through the efforts and propaganda of the above-mentioned Society, becoming one which an increasing number of people in this country are willing and anxious to consider, and, as Miss Rathbone in her preface has noted, Mr. J. L. Cohen is so well known an expert on social insurance and its problems that the Family Endowment Society has been very fortunate in obtaining from him this forecast of an entirely new development of the insurance principle. Others too will have reason to thank Mr. Cohen for the task he has performed, inasmuch as in this essay he clears the conception of Family Endowment of some of the traces of loose-thinking which have accompanied it since its birth. Recognising the existence of several types of schemes, he endeavours to fix attention on something they all have in common. They are all, he says, in effect insurance schemes. They necessitate making provision in advance, which will guarantee that sums will be available for the payment of benefits. This causes the burden of rearing children to be distributed over all those included in the scheme. It is true that in the case where an individual establishment provides for its members the true nature of this insurance is not obvious. But this form of insurance is not uncommon in workmen's compensation schemes; and the self-insurer, as he is called, is not unknown in other branches of insurance. It is misleading then, considers Mr. Cohen, to talk of providing family endowment *either* by the pool method or by that of insurance. Any reliable method of providing family endowment *must* use the machinery of insurance. Mr. Cohen hopes that the scheme he has outlined will be found free from some of the defects which characterise existing systems, in that his scheme reduces the practical difficulties to be confronted to proportions that are manageable by well-tried machinery. There seems little reason, therefore, why all the schools of thought which support the principles of family endowment should not concentrate on its advocacy. Mr. Cohen argues in favour of the use of the phrase "family income insurance" as embodying the concept much better than any other now in use, and he endeavours to show why this proposal should be treated not as a part of the wages question, as it is usually conceived, but rather as a device independent of, though supplementary to, wages. Mr. Cohen states his case clearly and forcibly, and all those who have been influenced by Miss Rathbone's work "The Disinherited Family" will do well to consider the argument developed in this essay.

PUBLICATIONS RECEIVED.

Bulletin of the Pan American Union. January 1926. (Washington, U.S.A. Price, \$2.50, plus 75 cents for countries outside the Pan American Union.)

Family Income Insurance: a Scheme of Family Endowment by the Method of Insurance. By Joseph L. Cohen, M.A., of the Department of Economics, Cambridge University. With a Preface by Eleanor F. Rathbone. (London: P. S. King & Son, Ltd. Price, 1s. net.)

Foreign Affairs: an American Quarterly Review. Special Supplement to Vol. IV., No. 2: "Some Foreign Policies of the United States." By Frank B. Kellogg, Secretary of State of the United States. (New York.—London Agents: The International News Company Ltd. Price, 50 cents.)

International Labour Conference, Seventh Session, Geneva 1925. Volumes I. and II.—League of Nations. (Geneva: International Labour Office.)

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	153.2
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	Apr. 17	161.9	162.5	" 8	150.8	
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	153.7	159.0	" 15	151.6	
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.

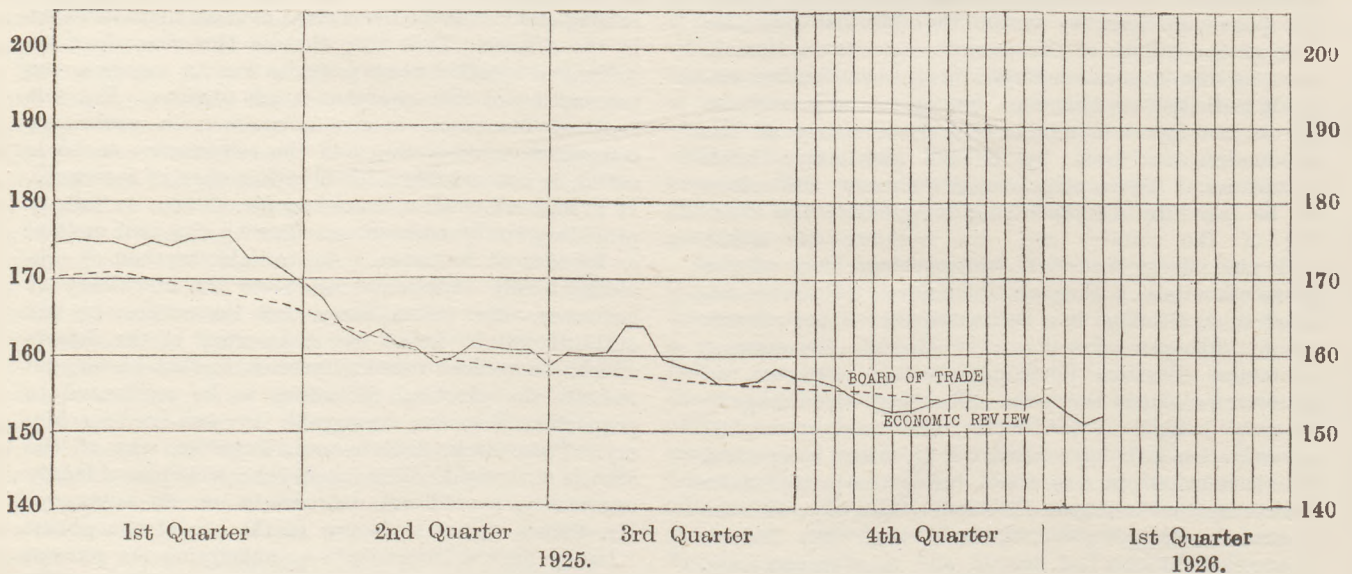


TABLE II.

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
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
" 15 ...	72.2	165.5	60.4	115.8	93.3	111.1	104.3	117.0	97.1	74.1	101.08	... " 15

* Revised Quotation.

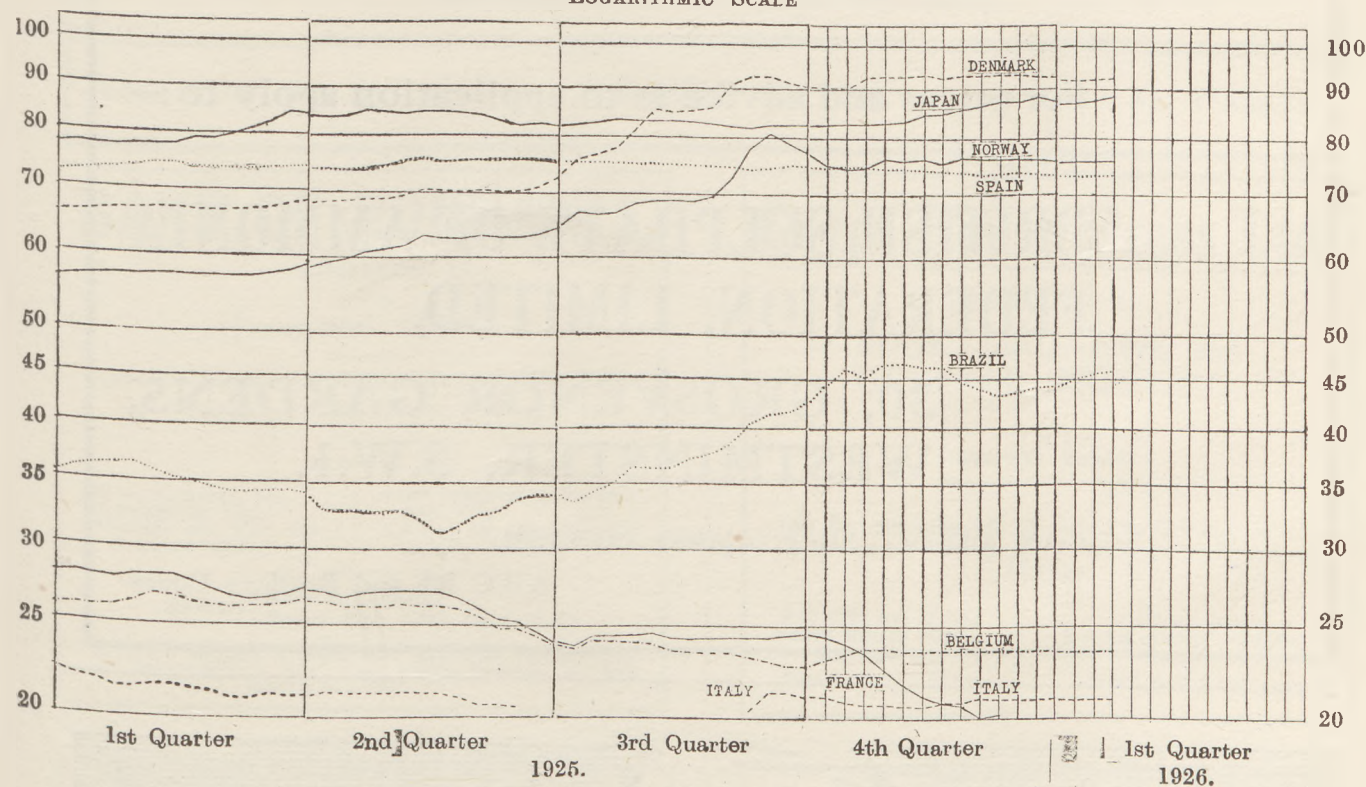
THE PAPER CURRENCIES.

(Percentage of Dollar Parity to Week ending January 16, 1925.)

Week Ending	Denmark.	Japan.	Norway.	Spain.	Brazil.	Belgium.	Italy.*	France.
Jan. 16 ...	92.9	88.7	76.0	73.4	45.9	23.5	20.9	19.6
„ 9 ...	92.5	87.7	75.9	73.3	45.7	23.5	20.9	19.9

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

LOGARITHMIC SCALE



SECURITY PRICES.

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

IN NEW YORK.			IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending	Indus-trials.	Bonds.*	Indus-trials.	Gilt edged.	Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7	1924, June 21	115.3	103.3	118.2	118.0
1921, Jan. 1	89.9	89.0	116.3	88.6	Aug. 2	126.9	104.2	119.8	115.6
Aug. 20	80.3	90.4	105.4	93.3	Nov. 8	130.1	103.7	133.7	129.4
Oct. 29	91.1	92.0	97.1	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	129.4	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	122.2	Dec. 19	188.9	103.3	130.6	112.8
June 9	119.7	100.8	130.6	123.5	1926, Jan. 2	195.5	103.6	133.3	113.0
Oct. 27	105.7	99.7	126.5	119.7	„ 9	196.1	103.6	135.1	113.1
1924, Jan. 1	117.4	98.4	121.3	114.5	„ 16	191.4	104.0	135.0	113.2
„ 19	119.1	100.1	119.1	112.2					

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

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