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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

Thirty-eighth Report of the Commissioner General.—The current Report of Dr. Zimmerman, Commissioner General of the League of Nations for Austria, covers the period from January 15 to February 15, 1926.

With reference to the financial situation Dr. Zimmerman states that during the month of January last 802 Federal employees were dismissed. The Ministry of Finance was able to meet all obligations that fell due in January, including the capital investment expenditure that had to be made this month, without difficulty. At the beginning of February an advance was made to the Ministry of Finance to enable the capital investment expenditure provided for February to be met; at the same time a sum equal to the amount expended on capital investment in January was released. Both of these advances were made under the reservation of subsequent examination by the Audit Office. Two further sums of Sch.550,000 and Sch.3,010,937 were released for the purpose of financing the work of electrification.

On January 31 there was still a surplus of approximately 39.5 mill. dollars in the Loan Account, representing about Sch.280 mill., to which should be added the sum of Sch.29.8 mill. Swiss Government credit, upon which no claim has yet been made. Out of this total a sum of Sch.22.9 mill. was required for International Loan securities; a sum of Sch.53.6 mill. reserved for various purposes (monthly advance to the Post Office Savings Bank, etc.); and Sch.85 mill. released for investments of a productive character during the course of 1926. There remained a balance of Sch.148.3 mill., of which Sch.69.5 mill. must be reserved for financing works of electrification in 1927 and 1928, so that the net balance amounts to Sch.78.8 mill.

Discussing the provisional figures of the closed accounts for the year 1925, Dr. Zimmerman mentions that the provisional results show expenditure at Sch.837.10 mill. (including Sch.75.97 mill. for capital investment purposes), and revenue at Sch.856.18 mill., so that, including the cover for capital investments, there is an actual surplus of Sch.19.08 mill., in the place of the estimated deficit of Sch.57.60 mill. The Commissioner General remarks that the amount that figures under "investments" exceeds the sum fixed in the Budget for 1925 for investments of a pronouncedly productive character. The revenue items, he also observes, do not include the sums withheld by the various autonomous bodies and which must accordingly be excluded from the sums at the disposal of the Federal Treasury.

The Commissioner General thereupon gives a detailed account of the various items in the statement of the National Bank, and makes a summary of the different discount modifications, observing that the present rate of the Bank is lower than that fixed by the Bank at the time of its foundation in January 1923 (9 per cent.), which remained in force till June 1923.

During the course of 1925 deposits at the various savings banks and at the general banks were more than doubled, but the present aggregate amount of deposits is still below the total amount of savings deposits before the war.

The Report closes with references to the unemployment figures (the latest of which are submitted below), the movements on the Bourse and the recent modifications in the wholesale price index.

Economic Considerations of Union with Germany.—The question of a union between Austria and Germany has for some time past intrigued the leading politicians and economists of Austria and has been very widely discussed in the Press. The idea appears to have gained appreciably in general support through the persistent propaganda; nevertheless, there may be observed a tacit admission that, at least for the present, the project cannot be realised. The "unionists" ranged from those who advocate a complete amalgamation of the two countries to those who desire to see the marriage restricted to the economic sphere, with the creation of a Zollverein or other form of closer fiscal association. Inasmuch as the union with Germany in some form or other now enjoys the support of a strong body of authoritative opinion in Austria it is useful to examine a few of the main economic considerations involved.

It is with this question that Dr. Friedrich Hertz deals in a contribution to the *Wirtschaftsdienst,* wherein, although formerly a protagonist of an independent Austria, he concludes with some misgivings perhaps that an economic union with Germany is desirable. Austria, he states, is being compelled to take a favourable view of this idea through its economic strangulation by the prevalent protection. Contrary to the general belief the Peace Treaty no longer stands in the way of the realisation of an economic union simply, for Art. 217 ff, which prohibited such a union, was modified by the time limit in Art. 232 and is no more in force. Moreover, Customs reciprocity, or even a Zollverein, would not involve the sacrifice of the country's independence. An hindrance of more importance is the Protocol 1 signed at Geneva on October 4, 1922, by which Austria is pledged not to enter into negotiations or to accept any financial or economic arrangements which may directly or indirectly affect the independence of the country. The text is not altogether clear; but in any case it may be interpreted as a difficulty in the way of a closer economic relationship with Germany. No time limit is fixed in this document, and it may be assumed that the restriction refers to the duration of the International Loan.

Germany is not similarly prevented from granting Austria a modified tariff or even complete freedom from duty on Austrian goods entering that country. Germany would not suffer either financially or economically by such renunciation. In 1924 only 1.6 per cent. of the German imports came from Austria and only 4.8 per cent. of the German exports were consigned to Austria. The existence of Austria is essentially based upon an extension of her economic life, for the country is more dependent upon exports than is Germany. According to Herr Franz Eulenburg, Germany was before the war obliged to export one-seventh and is now obliged to export one-fourth of her industrial production to cover the adverse balance in foodstuffs and raw materials. Austria, on the other hand, exports one-third of her industrial production. In 1924 Austria exported goods to the average value of 42.5 dollars, against German exports to the average value of only 24.8 dollars per head of the population. It does not, however, necessarily apply that an extension of the external market would naturally follow an extension of the frontiers, even if it be merely an extension of the Customs area. Moreover, equally as important as a Customs association is the closer co-operation upon reciprocal lines in all social and cultural matters. It would certainly be a great advantage if there were a free exchange of labour between the two countries, such as has already existed to some degree in respect to highly qualified craftsmen.

In regard to the position of Vienna, which is endeavouring with some success to become the great commercial and banking centre of Central Europe, especially in relation to the neighbouring States, it is doubtful whether a union with Germany would prove to be altogether favourable, since under such an association the neighbouring States may be less inclined to transact their business in the Austrian capital.

The removal or an effective reduction of the Customs duties on the part of Germany and Austria would doubtless be welcomed by most of the Austrian industrialists, especially those engaged in the manufacture of luxury and other high-class wares, for Germany is a most important customer for such goods and does not directly compete with Austria in this branch, contenting herself with the mass production of cheaper articles. There are admittedly Austrian manufacturers who would suffer by such an arrangement, notably those connected with the machinery, the iron and the metal industries generally, and also with the textile and the chemical industries. The pressure of German competition in these branches in Austria is being felt more and more, and it is hardly to be expected that with greater freedom of commercial exchanges between the two countries this competition would grow less severe. Many smaller Austrian undertakings would probably have to close down. Taking a wider view of things such results would not be a disadvantage. The closer association of the two countries in all economic matters would doubtless lead to greater concentration in production and consequently a reduction in prices and an increase in exports. In addition to the stronger financial position of Germany, the better waterways and other means of cheaper transport would offer the German manufacturer distinct advantages over the Austrian. The differences in the conditions of production in the two countries would be difficult to overcome, and in general they are favourable to Germany. The financial differences are not so insurmountable.

A point to be seriously considered is whether an economic union with Germany would not induce the other neighbouring States, who are better customers of Austria than is Germany, to adopt retaliatory measures. The Austrian exports to Czechoslovakia, Yugo-Slavia, Poland, Hungary and Rumania together are three times, including Italy four times, as great as the exports to Germany. The loss of such markets would scarcely be recompensed by better commercial facilities with Germany.

The economic consequences of a union with Germany are, concludes the writer, not altogether clear. Much would depend upon the moment chosen and on the conditions. Taking all into consideration the closer association is desirable, even though there would doubtless arise many unpleasant difficulties during the period of transition.

FINANCE

Treasury Returns for December and Preliminary Estimates for March.—The Audit Office has issued the provisional figures of the Treasury returns for the month of December 1925, which are as follows (in millions of Schillings):—

Treasury Returns for December 1925.

Budget Items.	Estimated.	Actual Results.	Difference. Favourable.	Difference. Adverse.
Expenditure ...	57.40	57.64	—	0.24
Revenue	68.07	79.45	11.38	—
Surplus ...	10.67	21.81	11.14	—
Capital investment expenditure ...	4.88	4.77	0.11	—
Budget surplus ...	5.79	17.04	11.25	—
Current account deficit	12.44	18.15	—	5.71
Total deficit ...	6.65	1.11	5.54	—

Preliminary Estimates for March 1926 (*in mill. Schillings*).

Current expenditure	71.22
Current revenue	72.12
Surplus	0.90
Capital investment expenditure	14.10
Total deficit	13.20

(*Wirtschaftliche Nachrichten.*)

Insolvencies in January.—The insolvency returns for the month of January 1926 show that although the number of arrangements at law for the benefit of creditors was higher in this month than in December 1925, the number of actual bankruptcies in January 1926 was considerably lower than in December and also in January 1925. The table reproduced hereby enables a comparison to be made between the respective situations in the months mentioned:—

	No. of arrangements for the benefit of creditors.	No. of bankruptcies.
January 1926, total	238	33
,, ,, weekly average	59.5	8.25
December 1925, total	225	56
,, ,, weekly average	56.25	14.0
January 1925, total	345	53
,, ,, weekly average	86.25	13.25

(*Neue Freie Presse.*)

TRADE

Foreign Trade in 1925.—Imports in 1925 were valued at Sch.2,883 mill., as against Sch.3,474 in 1924, and exports at Sch.1,948 mill., as against Sch.1,988 mill. Compared with the preceding year an improvement was made in the commercial situation during the course of 1925, since the adverse balance was only Sch.935 mill., whereas in 1924 it amounted to Sch.1,486 mill.

In a contribution to the *Oesterreichische Volkswirt* on Austria's commercial balance for 1925, Herr J.Jk. shows that the country's foreign trade during this year was very considerably influenced by politico-economic measures. On January 1 the Austrian autonomous tariff came into force, imposing a higher tariff for most of the goods produced in the country, and the commercial treaty with Czechoslovakia became operative. At the same date the Hungarian autonomous tariff also came into force, involving higher duties, but removing most of the import prohibitions. At the beginning of the year the Polish import prohibition was replaced by a new tariff; and at the end of May the Polish duties were increased to such an extent that exports to that country became almost an impossibility. The tariff policy of other neighbouring countries had likewise a direct effect upon Austrian trade. Another important factor was the price development of the chief raw materials. The Austrian wholesale prices index fell from 21,181 in January to 18,063 in December, that is, a drop of nearly 15 per cent. During the course of the year coal dropped 13 per cent.; wheat (to October—it subsequently rose again), 25 per cent.; cotton, 16 per cent.; copper, 11 per cent.; lead, 12.5 per cent.; but zinc rose 6 per cent. in price. The price of sugar dropped more than 19 per cent., but raw rubber commanded in December about 2.4 times the price prevailing in January. In general, the price movement of the most important raw materials favoured the import side of the commercial balance. The exportation of manufactured articles was less susceptible to the decline in prices.

The excess in the volume of imports over exports in 1925 was 4,994,800 tons, or 78.2 per cent. of the excess of imports over exports in 1924; the excess in the value of imports over that of exports in 1925 was 63 per cent. of that of 1924. The importation of the important raw materials and semi-manufactured articles declined by 750,000 tons in volume (about 12 per cent.) and Sch.90 mill. in value (about 6.5 per cent.); whereas the exportation of raw materials and semi-manufactured articles increased by about 500,000 tons (8 per cent.) in volume and by approximately Sch.90 mill. in value (6.5 per cent.). Foreign trade in general was more favourable during the first half of the year; the adverse balance for the last quarter was actually greater than that for the whole of the first six months of the year.

Adopting the usual classification imports and exports in 1925 were distributed as follows, in comparison with 1924 (in millions of Schillings):—

	Imports. 1924.	1925.	Exports. 1924.	1925.
Live stock	241	261	17	28
Foodstuffs and articles of consumption	935	770	46	37
Mineral fuel	285	229	2	3
Other raw materials and partly worked goods	738	622	357	387
Manufactured articles ...	1,249	929	1,548	1,430
Noble metals (including minted)	26	72	18	63

The chief imports under the classification of foodstuffs and articles of consumption, in comparison with those of 1924, were as follows:—

	1924. (In metric cwts.)	1925.	1924. (In millions of Schillings.)	1925
Colonial goods ...	134,176	119,288	40.9	44.0
Sugar	927,019	816,446	73.4	43.3
Molasses ...	767,854	764,450	11.7	8.0
Cereals	5,944,000	6,457,000	227.0	254.0
Flour	2,584,000	1,094,000	160.5	81.9
Fruit	487,675	660,928	29.8	26.8
Vegetables ...	993,716	1,069,000	21.7	17.4
Seeds	177,916	163,763	19.0	19.3
Milk	333,085	430,725	12.2	13.5
Eggs	96,309	111,924	31.2	26.0
Table fats and oils	421,063	319,466	97.3	73.8
Beer (in hectolitres)	3,297	16,805	0.13	0.71
Wine ,, ,,	331,524	319,235	18.27	13.9
Fresh meat ...	389,822	331,235	74.7	50.1
Prepared meat	30,521	25,167	13.3	12.5

The main raw materials and semi-manufactured articles imported in 1925 were:—

	(In 1,000 metric cwts.)	(Mill. of Schillings.)
Coal	52,757.0	229.1
Ores	353.4	2.7
Raw cotton	380.4	138.3
Wool	83.4	72.1
Rubber	24.5	10.1
Hides and skins	63.8	19.0
Cement	90.5	0.4
Raw iron	473.0	13.6
Piping and steel	294.8	7.6
Sheet iron and plates	208.4	9.0
Lead and wares	70.3	8.2
Copper and wares	215.6	49.8
Zinc and wares	62.1	8.5
Tin and wares	14.2	11.1

With the exception of wool, hides and skins, cement steel, sheet iron and plates, and tin, all the above-mentioned articles show an increased value in 1925 as compared with 1924.

Importations of manufactured goods were as follows:

	1924. (In 1,000 metric cwts.)	1925.	1924. (In mill. of Schillings.)	1925.
Benzine	401.2	465.0	19.7	19.1
Petroleum	224.2	252.1	4.2	4.9
Cotton goods	165.4	132.5	288.9	184.5
Cotton fabrics ...	148.8	118.4	28.7	145.3
Woollen goods ...	63.4	41.3	159.2	104.6
Woollen fabrics ...	53.3	34.2	138.8	92.0
Clothing	4.4	3.2	17.4	12.2
Glass and wares ...	187.3	109.5	17.3	15.2
Machinery	271.8	178.1	71.5	53.8
Electro machinery and apparatus	47.5	46.0	20.6	17.1
Automobiles (pieces)	829	582	11,388	5,900

The importation of textiles was largely affected by the high tariff rates prevailing, which also influenced the importation of machinery and other goods to less extent.

Exports of raw materials and semi-manufactured articles were as shown hereby:—

	(In 1,000 metric cwts.)	(In mill. Schillings.)
Ores	491.2	1.6
Tanning materials	349.9	2.8
Paper material	1,132.4	44.0
Wood for building and manufacture...	4,167.1	24.6
Timber logs	1,169	10.9
Sawn timber	10,982.0	141.9
Raw iron	1,041.9	16.6
Iron and steel	746.5	55.2
Sheet iron and plates	110.8	9.6
Iron wire	250.1	10.9

In every case the exportation of the above-mentioned articles in 1925 was higher than in the preceding year. Among manufactured goods exported the following were the most important:—

	(In 1,000 metric cwts.)	(In mill. Schillings.)
Cotton yarn	154.0	113.1
Cotton goods	86.6	146.0
Cotton fabrics	63.0	84.0
Wool yarn	24.8	49.4
Woollen goods	14.5	33.7
Woollen fabrics	6.1	10.3
Embroidery, etc.	3.3	15.8
Hat stocks (pieces)	2,011,958	29.6
Men's clothing	1.3	6.4
Ladies' clothing	1.4	19.6
Underwear	4.1	21.1
Paper	1,032.7	74.2
Paper goods	38.7	14.3
Leather	67.4	51.5
Leather goods	5.5	17.5
Footwear	4.4	16.8
Rubber goods	36.7	37.3
Furniture	17.1	7.3
Machinery and apparatus ...	296.3	70.9
Electrical machinery and requisites ...	83.7	58.8
Automobiles (pieces)	2,149	30.8

Among textiles only cotton yarn and goods show an increase on the exports of the preceding year. A notable decline in trade is that in ladies' clothing, which fell to but 58 per cent. of the value of the exports in 1924. Machinery exports improved, this being largely due to the heavier consignments of agricultural machinery to Russia. The general movement among exports of manufactured goods was retrograde.

SOCIAL AND LABOUR CONDITIONS

Decline of Unemployment.—At the middle of March the number of unemployed in Austria receiving State benefit was 207,975 persons, to which number must be added 8,500 persons in receipt of special benefit, and about 30,000 who for various reasons have no claim to benefits. The number of unemployed who were drafted on to special relief works fell very low in January (2,700 only) owing to the bad weather, but rose again to 3,600 at the end of February. The present number of unemployed represents a reduction of about 12,000 since the end of February and of about 18,000 since the middle of February. (*Neue Freie Presse.*)

COMMUNICATIONS

Electrification of the Federal Railways.—Proposals were made before the war to introduce the electrification of the State railways by making use of the plentiful supply of water power existing in the Austrian Tyrol, but the matter was brought nearer to realisation only after the creation of the present Austrian Republic, which to a large extent is dependent upon the neighbouring countries for its coal supplies. A bill for the electrification of the Federal Railways was passed by the Austrian Parliament in the summer of 1920. Work was commenced at once; but concrete results manifested themselves only in 1925 when a partial alteration was made in the original scheme and the financial side of the undertaking was put on a secure basis. In the spring of 1924 the railway line known as the "Salzkammergut Bahn" was electrified to the extent of 107 kilometres; in May 1925 the "Arlberg Bahn" from

Innsbruck to Bludenz (136 kilometres), on which are the steepest gradients in Austria, was electrified. In June 1925 permission was granted to Austria to employ the sum of 88 mill. gold kronen, the remains of the credit of the League of Nations, for the electrification of the Salzburg-Worgl-Innsbruck-Brenner lines. At the same time considerable progress was made with the help of foreign capital in the exploitation of water-power through the erection of hydro-electric stations, of which Austria possesses some 2,700 at the present time, including more than 600 small ones with less than 20 h.p. When the water is low, Austria has at its disposal some 3,700,000 h.p. (gross), about one-half of which has so far been exploited. High tension current has already been established for more than 8,000 kilometres.

The increased demand for electric machinery and other goods has been met for the most part by home production. The building operations connected with the establishments for the electrification of the State railways (Spullersee, Mallnitz, Stubach) have been financed by the State and carried out by the management of the Federal Railways. The remainder of the building operations for the erection of the hydro-electric systems has been carried out by share companies with the financial assistance of the "Lands," municipalities and foreign capital (British, American, Italian and Swiss).

In consequence of this electrification the total consumption of coal, which formerly amounted to some 12 mill. tons yearly, has been reduced by about one-half. The coal imports have dropped to about one-third. (*Central European Observer.*)

FRANCE

POLITICAL AND FINANCIAL

The Budget Problem.—The most prominent event last week was undoubtedly the vote of the new taxes by the Chamber of Deputies. Under the influence of the rise in foreign exchange rates and of the severe losses which the Treasury suffered during the crisis, the Chamber accepted several financial measures in order to complete the budget equilibrium. The Senate too has already voted most of them and they will probably be soon put into operation.

As it was possible to foresee, the Government endorsed certain measures proposed by the Finance Committee of the Chamber, and thus the new financial scheme is a combination of both Government and Parliamentary proposals.

The Chamber introduced certain amendments into the "taxe civique" as voted by the Financial Committee and accentuated its progressive character. The basic rate being left at Fr.40, the higher rates were established between 0.6 per cent. and 2 per cent. of the assessable income. Notwithstanding the opposition of several of its members, the Senate also voted the tax in its actual form.

The most discussed point of the Government programme was the raising of the general turnover tax from 1.3 per cent. to 2 per cent., which in the opinion of the Finance Minister would yield Fr.1,875 million in nine months (see THE ECONOMIC REVIEW, April 2). In order to effect a compromise with the left majority of the Chamber, M. Péret agreed to submit to the tax only the turnover of the wholesale and semi-wholesale dealers. The yield of the tax in its new form is expected to be about Fr.1,175 million. This tax as well as the increased imports on turnover in certain special kinds of merchandise (coffee, meat, coal) is to remain in force only until the end of the year.

Tax on wine and other hygienic drinks was rejected and replaced by increased taxation of alcohol and alcoholic drinks.

In order to fill the gap created by the modification of the turnover tax, the Chamber voted the raising of certain imports proposed by its Finance Committee and endorsed by the Government. The property transfer tax on real estate is to be 15 per cent. instead of 12 per cent. The stamp duty on bonds and shares 4 per cent. instead of 2.4 per cent., etc. The total proceeds of all these taxes is estimated at Fr.1,180 million.

Moreover, there are certain other resources already voted by both Chambers and which the Government is to realise :—

(1) a 30 per cent. increase in Customs duties on imported merchandise (with the exception of certain necessaries such as coffee, sugar, etc.);
(2) The sale of certain merchandise stocks and real estate belonging to the State;
(3) A rise in the price of matches sold by the State monopoly.

These last measures are expected to yield some 500 million francs. Thus, the Budget equilibrium will be in the main reached. The definitive vote is postponed because of a disagreement existing between the two Chambers over the proposed import monopolies for sugar and oil, which the lower Chamber included in its financial scheme.

The Treasury Problem.—There still remains the question of the liabilities the Treasury has to meet outside the scope of the Budget. In a statement he made before the Finance Committee of the Senate M. Cheron, the General Reporter, reckoned these liabilities for the current year as follows :—

	Fr.3,346 million	of Treasury Bonds (3,160 mill. maturing on May 20)
	Fr.1,050 million	of foreign liabilities (some 300 mill. already paid, reckoning the £ at 125)
	Fr.3,928 million	for interest and sinking fund of the Government debt to the Bank of France to cover the deficit of the State Railways, etc.
Total ...	Fr.8,324 million	

The Budget is not expected to supply the Treasury with a surplus, and it will therefore have to rely on extra-budgetary resources made up of the following items :—

Remainder of the Loucheur taxation* to be collected before May 1	some Fr.2,500 million
Expected balance of the payments and deliveries in kind to be made by Germany under the Dawes scheme (according to a statement made by the Finance Minister) available for Treasury operations	some 600 million
	Fr.3,100 million

* See THE ECONOMIC REVIEW, March 26.

If the gap between the two figures is not filled by fresh subscriptions to Treasury Bills, the only means of covering it will be an increased banknote issue. Therefore, the most important question at the present moment is how to avoid the payment in cash of the Fr.3,160 million due on May 20. (*Information*, No. 74.)

The figures supplied by the Minister of Finance as to the subscription to the Treasury bills are not very encouraging :—

	Jan. 31, 1925.	December 31, 1925.
1 month bills	Fr.2,715 million	Fr.4,877 million
3 months bills	2,523 ,,	3,544 ,,
6 months bills	8,685 ,,	3,704 ,,
12 months bills	40,963 ,,	33,610 ,,
Total	54,886 ,,	45,735 ,,

Thus it will be seen that the total sum of such bills has considerably diminished, even if one considers that about 6,000 million worth of them were absorbed by M. Caillaux's 4 per cent. funding loan. Last but not least, it may also be noted that the proportion of very short-term bills has considerably increased, while the longer ones suffered a large reduction.

In order to avoid payment in cash on May 20 and to attract subscriptions the Government decided to exchange the maturing bonds against Treasury bills, allowing interest on these bills from a date a month earlier than the date of the exchange.

INDUSTRY

General Conditions in the Coal Industry during 1925.—The severe crisis in the German and British coal industries which broke out in 1925 seemed to endanger the French coal industry too; but according to a Report of the Central Committee of the French Coal Industry this difficult time was passed through without losses. The coal output was 48,058,000 tons in 1925, as compared with 40,844,000 tons in 1913. This increase of some 7,200,000 tons is only in part due to the Lorraine output, which represents 5,279,000 tons; the balance, some 1,900,000 tons, is to be attributed to the increase of the productive capacity of the French mines, which still goes on increasing. The actual daily output represents 170,000 tons; if the output in 1926 continues at this rate, the annual production of the current year will reach 51,000,000 tons.

In the opinion of the Central Committee, this remarkable progress is due to the rapidity of reconstruction of the devastated mines, technical improvement and good supply of labour.

This increased activity appears to the Central Committee sufficient justification for an optimistic outlook. The French domestic consumption represents actually 75,000,000 tons; with the growth of home production the proportion of imported coal tends to diminish. The proportion of the home produced coal to the total consumption was 63 per cent. in 1913, 42 per cent. in 1920, 56 per cent. in 1923, 60 per cent. in 1924, 64 per cent. in 1925. The proportion is expected to reach 68 per cent. in 1926.

Output of Coal in the Devastated Areas.—The output of coal in the Nord and Pas-de-Calais Departments in February amounted to 2,482,433 tons of coal, or 81,692 tons less than in January; 198,823 tons of briquettes, or 13,782 tons less than in January; and 211,869 tons of coke, or 14,052 tons less than in January. Thus showing a slight decrease as compared with the preceding month. This decrease is only due to the smaller number of working days in February. As to the daily output it was 103,474 tons as compared with 102,625 tons in January 1926 and 91,296 tons in 1913, thus reaching 113 per cent. of the pre-war daily average.

The Iron and Steel Industry in February.—On February 28, according to the *Nord Industriel* (No. 14), there were 219 blast furnaces in the country, of which 146 were in operation, 33 were damped down, and 40 were in course of construction or undergoing repairs. The production of pig iron during the month amounted to 706,514 tons, or an average of 25,200 tons a day, as compared with 762,810 tons, or an average of 24,500 tons a day, in January. The February output included 523,535 tons of Thomas Gilchrist pig (562,502 tons in January), 138,784 tons of foundry iron (146,216 tons), 27,895 tons of conversion pig (35,090 tons), 14,511 tons of special iron (18,128 tons), and 1,789 tons of Bessemer pig (874 tons).

The production of crude steel amounted to 630,348 tons, or an average of 22,500 tons a day, as compared with 660,566 tons in January, or an average of 21,300 tons a day. The January output included 619,230 tons of ingots and 11,118 tons of castings, of which 434,945 tons consisted of Thomas Gilchrist steel, as against 449,075 tons in January; 182,832 tons of open-hearth steel, as against 199,518 tons; 6,341 tons of electric steel, as against 6,745 tons; 5,017 tons of Bessemer steel as against 4,108 tons; and 1,213 tons of crucible cast steel as against 1,120 tons.

GERMANY

POLITICAL AND GENERAL

The Economic Crisis and the Cost of Living.—The *Hamburger Fremdenblatt*, No. 78, publishes an article discussing the influence of the protective duties policy on the price level, which points out that while the crisis has fully worked itself out on the labour and money markets, it has not apparently reacted on the cost of living. This fact was made use of by those who opposed the reduction of the discount rate from 9 to 8 per cent. as an argument against the interest reducing policy of the Reichsbank. The Reichsbank, however, has in the meantime been fully justified by subsequent developments, as is shown by the progressive recovery process in the capital market.

If the price movements of the last few months are more closely analysed, the conclusion arrived at will be that the crisis has reacted on the cost of living after all, but the price depression which would naturally have resulted from the crisis has been partly compensated and nullified by the price elevation which was an essential result of the protective duties introduced last autumn. It is well known that excess duties were introduced for grain, milled products, malt, cattle, fresh meat and sugar on September 1, for wine on October 16, and for the remaining goods on October 1. It may be reckoned that import values were taxed up to 3.6 per cent. in the first two-thirds of 1925, while this was increased to 6 per cent. during the last third of the year, when the raised tariff was put into operation. As a matter of fact, however, the burden laid on import values in consequence of the raised duties is far greater than 6 per cent. Importers are for the most part entitled to a four months duty credit, so that the returns from the duties imposed in September and October only begin to come in at the beginning of the New Year. The January report on Reich revenues showed high returns for Customs duties, which may be thus explained, and it will only be when the March revenue returns are published that an estimate can be formed of the real extent of the burden laid upon imports by the new duties. In any case, it will far exceed 6 per cent.

Now although the price level of a country does not increase to the full percentage of an increased tariff except in the case of certain goods, such as grain, the German price level would in the natural course of things, have increased considerably since the beginning of the new duty era in September 1925.

If the actual development is examined it will be found that the private index figures show decreases which are in no way to be despised. The greatest drop appears in textiles and hides, and then follows the foodstuffs and beverages group. The decrease in the coal, iron and minerals group is relatively small which is no cause for surprise, as the mining crisis is of long standing, and the prices had already fallen by September 1925. Moreover, the reparations coal deliveries have tempered the effect of the crisis. There has been little or no price decrease in industrial finished products, as these are for the most part subject to cartel. The effect of a crisis can only be felt in this group where cartel prices are openly or secretly undercut, in which case the reduced price does not show in the index figure, and it may be assumed that in this group also a reduction in price was actually felt.

It is quite certain that the cost of living has fallen in Germany, and although it is very difficult to make statistical comparisons where international figures are not reckoned on a similar basis, it may be assumed that the decrease in that country corresponds approximately to the drop on the world market. If, therefore, the protective duties introduced in September and October 1925 have had no marked effect on the cost of living in Germany, this is owing to the working out of the economic crisis. This it is that has held the price level in check, and to a greater extent than the index figures would allow to appear. It is not to be attributed to the price reducing policy of the Government but to the automatic development of the economic crises. The effects of the increased duties are not obviated thereby but only postponed. They will assuredly appear as soon as economic life in Germany flows again into normal channels.

FINANCE

Reich Revenue for February.—The *Frankfurter Zeitung*, March 22, publishes the following table showing the Reich revenue for February 1926 :—

	February.	April 1925 to February 1926.	Estimate for 1926.
Income tax—			
(a) earned ...	81,462,400	1,288,599,751	
(b) unearned ...	2,839,600	75,417,100	2,170,000,000
(c) various ...	47,263,112	773,790,443	
Corporation tax ...	8,274,956	181,305,059	180,000,000
Interest on capital tax	219	675	—
Capital tax ...	63,524,794	244,469,448	350,000,000
Death duties ...	1,955,614	24,906,519	36,000,000
Turnover tax—			
(a) general ...	70,009,019	1,267,875,434	1,320,000,000
(b) super tax ...	2,577,659	74,688,490	110,000,000
Ground purchase tax	1,878,366	28,622,713	30,000,000
Capital transmission tax	6,103,608	95,592,974	105,000,000
Bourse tax ...	133	3,486	—
Motor car tax ...	3,239,032	53,891,693	60,000,000
Insurance tax ...	4,326,171	35,956,652	36,000,000
Racing and lottery tax	1,421,179	61,628,773	96,000,000
Bill stamp tax ...	2,987,563	59,459,584	65,000,000
Goods and passenger traffic levy ...	16,845,005	299,081,997	325,000,000
Rhein-Ruhr levy	309,991	12,467,870	
Administration levy	15,252	221,084	10,000,000
Tax on bonds ...	3,528,563	43,797,434	50,000,000
Customs	42,166,610	541,822,305	500,000,000
Tobacco tax ...	45,601,604	565,307,111	580,000,000
Beer tax	18,127,781	237,905,573	260,000,000
Sugar tax	18,613,260	210,855,958	245,000,000
Brandy monopoly	13,932,312	133,822,237	150,000,000
Wine tax	6,483,062	72,745,533	90,000,000
Acetic acid consumption tax ...	145,208	2,074,337	2,400,000
Salt tax	800,826	5,888,857	9,000,000
Match tax ...	677,630	8,795,297	10,000,000
Illumination tax	753,655	6,799,042	8,000,000
Playing cards tax	54,679	1,339,790	1,600,000
Statistics fees ...	194,039	2,377,249	2,500,000
Sweetstuff monopoly	47,287	871,532	1,000,000
Bread supply levy	72,543	797,262	—
Total ...	466,701,746	6,413,168,941	6,770,500,000

The deterioration in economic conditions, particularly the heavy increase in unemployment, is very noticeably felt in the February revenues. It should be remembered in making deductions in regard to the economic situations based on the movements of revenue statistics, that the causes for these movements have always occurred at least one month previously. Without taking into consideration the month of January, which included the quarterly due-dates for income and corporation taxes, the February revenues are respectively R.Mk.70 and 21 million behind those for November and December. The decrease in respect of December is far greater if it be taken into account that February includes the quarterly due-date of the capital tax, which accounts for a further 43 million.

The unfavourable economic conditions are more particularly reflected in the decreases as compared with January in earned income tax (24 million), turnover tax (42.35 million) and the Railway Traffic levy (7.98 million). The Customs returns with a decrease of R.Mk.33.96 million represent little more than half of the January revenue from this source. In the first eleven months of the financial year the total revenue of the Reich represents about 94.73 per cent. of the year's estimates.

The Building up of Capital.—In a general economic critique, the *Hamburger Fremdenblatt*, No. 79, while admitting the advantage of the participation of foreign capital in German undertakings as testifying to Germany's economic power, laments the weakness of the home capital market, which is at present incapable of meeting more than a small proportion of the country's financial needs. It is true that the needs of Nuremburg, Thuringia, Wurtemburg, and the Hesse Savings Bank Unions have been satisfied within the German frontiers, but this is a very small matter.

The formation of capital in Germany is hampered on every side. In the first place the dividend policy of German undertakings does not attract the investor. The desirability of the declaration of dividends by the larger shipping firms has often been pointed out, in consideration of the shareholders, who particularly at the present moment require the best possible rate of interest for capital. The shipping firms still decline to comply with this suggestion, and German investors look elsewhere, leaving the way open for foreign capital, only too eager to get a foothold in the German market. Such a cessation of dividends also hampers the formation of German capital, and the great undertakings should reflect that they too have obligations towards capital, for interest from share companies is an important factor in national capital formation.

The taxation of capital is another hindrance. All dividends are reduced by one-tenth by the interest on capital tax, and these dividends already reduced by one-tenth are then again subject to income tax. All these things hamper capital formation in Germany to an extraordinary degree, and the Government should seriously seek to remedy the situation. If greater facilities were available for capital formation there would be no need for extraordinary Government measures to animate trade, there would be no necessity for risky credits for Russian business or for export credit insurance to facilitate export.

The strengthening of home capital formation is necessary from yet another point of view. The great banks have just published their balance sheets. From them the following facts may be gathered : In 1913 the capital and reserves of the so-called great banks amounted to R.Mk.1,536.16 million, and the standing credits and acceptances R.Mk.6,113.66 million. Creditors and acceptances were thus covered up to one quarter by the Banks' own capital.

In 1924 the position was as follows : The capital of the banks amounted to R.Mk.648.26 mill., creditors and acceptances to R.Mk.3,345.37 million. Creditors and acceptances were thus covered up to one-fifth by the banks' capital. In 1925 the relative cover conditions had further depreciated. The Banks' capital amounted to R.Mk.656.68 million and creditors and acceptances represented R.Mk.4,970.92 million. The cover proportion was thus reduced to one-eighth. These figures show that the Banks will soon be forced to increase their capital. It now lies in the economic interests of Germany that foreign money shall play as small a part as possible in the imminent capital increase. No doubt the banks when sending their shares to be placed abroad are chiefly led by the desire to extend the market for their shares, but it is nevertheless right that Germany herself should most actively participate in the strengthening of the capital of her great banks, for they are the expression of the economic life of the country.

TRADE

Foreign Trade in February.—The credit balance in foreign trade maintained in the two previous months was increased in February to R.Mk.121 million (January, R.Mk.87 mill., December, R.Mk.36 mill.).

The net goods import in February showed a further drop of R.Mk.46 mill. to R.Mk.662 mill., or R.Mk.374 mill. less than the monthly average for 1925 (R.Mk.1,036 mill.). The decrease as compared with the previous month is chiefly attributable to a further reduction in the import of raw materials. The unimportant increase R.Mk.3 mill.) in the foodstuffs imports was counterbalanced by a corresponding decrease in the import of finished products. Very little change occurred during February in exports as compared with the previous month. The total exports have dropped by R.Mk.12 million, the export of finished products showing a decrease of R.Mk.4 million and that of foodstuffs, notably in wheat and rye, a fall of R.Mk.16 million. On the other hand, the export of raw materials has increased by R.Mk.8 million. The following table shows details of the month's returns (in millions of Reichsmarks)—(*a*) pre-war, (*b*) present values:

		Dec.	Jan.	Feb.
Imports.				
Foodstuffs and beverages ...	(*a*)	175.98	167.12	172.10
	(*b*)	243.71	224.39	224.30
Raw materials and semi-	(*a*)	312.22	299.28	264.00
manufactures	(*b*)	405.20	378.18	332.60
Finished products	(*a*)	75.79	73.39	71.20
	(*b*)	103.06	99.71	96.70
Gold and silver	(*a*)	5.99	26.08	59.40
	(*b*)	7.10	26.08	59.40
Total	(*a*)	574.95	571.00	571.30
	(*b*)	764.67	733.39	721.20
Exports.				
Foodstuffs and beverages ...	(*a*)	54.15	53.42	41.56
	(*b*)	65.34	66.20	50.30
Raw materials and semi-	(*a*)	140.10	129.41	139.40
manufactures	(*b*)	162.31	159.21	167.40
Finished products	(*a*)	400.03	401.81	402.00
	(*b*)	565.39	568.25	564.00
Gold and silver	(*a*)	4.32	6.51	4.90
	(*b*)	4.41	6.83	4.90
Total	(*a*)	599.18	592.10	588.73
	(*b*)	798.35	801.47	787.80

The import of foodstuffs and beverages shows a small increase of R.Mk.2.7 mill. in February as compared with the previous month, wheat, butter and eggs being the articles mainly affected. Decreases are noted in the import of coffee (by R.Mk.14.5 mill.) and meat.

The import of raw materials and semi-manufactures has dropped by R.Mk.45.5 mill. as compared with the previous month. Textile raw materials show a decrease of R.Mk.47.3 mill. (wool 25.9, cotton 15.8, flax 54 mill.). The import of mineral oil has dropped by R.Mk.6.3.

The import of finished products shows a negligible decrease in February as compared with the previous month (R.Mk.3.2 mill.).

The export of foodstuffs and beverages shows a decrease of R.Mk.15.9 mill. during February, chiefly owing to the reduced export of wheat and rye. The exports amounted to 804,702 d.ctr. of wheat and 344,257 d.ctr. of rye.

The export of raw materials and semi-manufactures shows an increase of R.Mk.8.2. mill., chiefly attributable to the increased import of hard coal.

A slight decrease is shown in the export of finished products (R.Mk.4.2 mill.). While the export of textile finished products increased by R.Mk.7 mill., that of rolling mills products and iron goods decreased by R.Mk.8.4 mill. The export of machines has also dropped by R.Mk.5.2 mill. (*Deutsche Allgemeine Zeitung*, March 23, No. 135–136.)

INDUSTRY

The Mining Output.—The February production figures for coal mining show, according to private returns, a decrease in every direction as compared with the previous month, though this is largely owing to the shortness of the month under report. At the same time the daily average output shows a decrease in many cases, and the number of unworked shifts has greatly increased. The Ruhr coal output shows a reduction of about 5 per cent. as compared with the previous month. The development is shown in detail in the following output figures:—

RUHR DISTRICT.

	Hardcoal Output. Total.	Hardcoal Output. Daily average.	Coke Output. Total	Coke Output. Daily average.	Briquette output.	No. of Workmen.	Unworked Shifts.
1913	114.55	379.8	24.96	68.4	4.95	420.300	—
1919	70.95	235.7	17.23	47.2	2.80	—	—
1924	94.07	309.7	20.71	56.6	2.79	471.007	—
1925	104.11	344.3	22.57	61.8	3.54	396.008	—
Dec. 1925	8.68	356.0	1.88	60.7	0.33	396.008	165.167
Jan. 1926	8.40	344.7	1.75	56.6	0.34	388.815	384.000
Feb. 1926	8.05	335.4	1.66	59.2	0.34	383.599	579.000
Feb. 1913	9.19	383.1	1.97	70.5	0.40	420.300	—
	in mill. t.	in 1,000 t.	in mill. t.	in 1,000 t.	in mill. t.		

The following are the hard coal statistics for the other districts:—

In 1,000 t.	Aix-la-Chapelle.	W. Upper Silesia.	Lower Silesia.	Saxony.
Dec. 1925...	326.8	1,397.7	494.8	361.1
Jan. 1926...	334.9	1,458.8	507.6	365.8
Feb. 1926...	322.7	1,331.1	452.8	344.9

In the Aix-la-Chapelle district a great decrease was occasioned by the sudden cessation of imports into Belgium. Apart from this the chief difficulties in the Aix-la-Chapelle district arise from the competition of the neighbouring Dutch pits, which have been steadily increasing their output from year to year.

The position of lignite mining has depreciated owing to reduced demand, chiefly attributable to the mild weather. The supply of the industry with raw coal was below the previous month's standard in the districts of both syndicates. The greatest falling off in sales was felt in briquettes, owing to the natural decrease in domestic consumption. Reduced working was thus unavoidable; and standing stocks increased. Shifts had to be suppressed in many districts, in the Cassel district as many as two and three per week.

No improvement in market conditions has occurred during February in the Lahn and Dill ore mining district (including Ober-Hesse). The ore produced by the few pits still working can only be placed to a small extent, and at prices below the cost of production. Any further reduction of the output would only entail a further increase in the cost of production, so that the only course will be to close down entirely unless immediate and thorough aid is forthcoming.

The desperate situation of Siegerland iron stone mining continues, but the shutting down of several pits is being postponed in the hope that the Government will put through without delay the measures intended for the assistance of this industry. (*Frankfurter Zeitung*, No. 211.)

Pig Iron Production.—The *Frankfurter Zeitung*, No. 208, publishes a table showing the development of pig iron production in Germany during the month of February 1926. With the exception of February 1924, when the blast furnaces were in the first stages of development after the cessation of passive resistance, the lowest level of output since 1922 was reached in this month in comparison with the corresponding months in the previous years, with 631,367 t. (January 1926, 689,463 t.). The decrease as compared with January is chiefly owing to the shortness of the month, and it must further be taken into consideration that only 80 blast furnaces were working, as compared with 84 in January. South Germany, Silesia, Rhineland and Westphalia are the districts chiefly affected. The total output of the month under report as compared with the corresponding month in 1925 shows a decrease of about 28 per cent.

1. *Districts.*	Feb. 1926. Tons.	Jan. 1926. Tons.	Feb. 1925. Tons.
Rhineland and Westphalia ...	500,685	549,914	683,653
Sieg.-Lahn-Dill district and Oberhessen	32,097	33,201	52,868
Silesia	16,820	19,562	25,368
North, East and Central Germany	64,207	65,991	92,234
South Germany	17,558	20,795	19,196
Total	631,367	689,463	873,319
2. *Varieties.*			
Hematite	41,277	46,892	61,122
Foundry pig iron	81,614	97,564	119,202
Bessemer pig iron	268	2,430	7,129
Thomas pig iron	404,612	422,589	501,241
Steel and spiegel iron, ferro-manganese and ferro-silicate	103,045	118,764	183,108
Puddle and other pig iron ...	551	1,224	1,517
	631,367	689,463	873,319
3. *Position of blast furnaces at end of month.*			
Available	208	208	214
Blast furnaces working ...	80	84	120
Blast furnaces damped down...	36	30	10
Blast furnaces under repair ...	59	61	58
Ready to be kindled	33	33	26
Output capacity per 24 hours	50,635	50,465	47,584
4. *Average daily output* ...	22,549	22,241	31,189

The Porcelain Industry.—According to the reports of officials engaged in the supervision of crafts, the German porcelain industry employed in 1921 53,560 workers, which represents 0.8 per cent. of the total number of workers employed in German industry. If the numbers of workers employed are alone taken into consideration the German porcelain industry takes no very important place, but taken as an export industry it lays claim to a position of some consequence in Germany's economic organisation. The export of German china goods, which represents between 60 and 70 per cent. of the total output, amounted according to the 1925 German trade statistics to 509,102 d.ctr. with a value of R.Mk.76.6 million (1913, 580,442 d.ctr. with a value of R.Mk.57 mill.), that is to say, reckoned according to value 1.2 per cent. of the total export of German finished products.

About 50 per cent. of the raw material required in this industry comes from abroad, and the German import of china clay amounted in 1925 to 23 mill. d.ctr. with a value of R.Mk.9.9 mill. (1913 0.4 mill. d.ctr. with a value of R.Mk.1.4 mill.). Czechoslovakia supplied 77 per cent. of this import, the remainder coming from England. Germany is particularly dependent on foreign supplies of felspar, which is imported, 50 per cent. from Sweden, 33 per cent. from Norway and the remainder from Czechoslovakia, the total import amounting in 1925 to 404,144 d.ctr. with a value of R.Mk.1.7 mill. (1913, 624,462 d.ctr. with a value of R.Mk.2.2 mill.). Germany takes first place among all porcelain-exporting States, followed by Japan with a total export in 1925 of R.Mk.51.8 mill.; Czechoslovakia, R.Mk.28.5 mill.; France, R.Mk.11 mill.; United States, R.Mk.8 mill., and Great Britain R.Mk.7.7 mill. The greatest market for German china is found in the United States. In 1925 Germany delivered 18 per cent. of her total china export with a value of R.Mk.28.2 mill., and 28 per cent. of her tableware export to the value of R.Mk.14.3 mill. to the United States. America's share in Germany's china export was still larger before the war. In 1913 it amounted to 25 per cent. of the total German china export and 33 per cent. of her tableware export. The decrease in the china export to America, which has become very noticeable since September 1925, and has been maintained in the early part of the present year, is attributable to increased home production in America. The import of porcelain from Japan by the United States, which amounted in 1913 to 14 per cent. of her total import was increased in 1925 to 33 per cent. of her requirements. Until 1896 England was America's chief source of supply for china, but was ousted from this position by Germany.

Great Britain is Germany's second largest customer for china, having taken both before the war and in 1925 17 per cent. of Germany's total china export. The prices obtained in England are considerably lower than those paid in America, owing to English competition. England possesses a well established china industry, employing about the same number of hands as the German industry; this however, restricts itself to the production of high quality china, destined for the most part for export, while the home demand for inferior china is satisfied by means of import, chiefly from Germany. The third place as customer for German china is held by Holland, to which country Germany exported in 1925 china to the value of R.Mk.6.1 million (77 per cent. tableware). In consequence of the almost entire absence of a home china industry in Holland, this country presents a favourable market for German china, 70 per cent. of the whole demand being supplied by Germany.

Generally speaking, the German china industry is less favourably situated than formerly. A number of former markets are now closed owing to the establishment of a home industry protected by duties. It is therefore important to maintain the German china industry by means of favourable trade agreements, for the general benefit of the German economy. (*Frankfurter Zeitung*, No. 213.)

COMMUNICATIONS

The Position of the Reichsbahn.—During the month of February a certain amount of animation in goods traffic owing to the transport of Spring orders, fish and building materials, was, for the greater part, counterbalanced by a further falling off in the despatch of coal and agricultural products. The average number of loaded trucks per working day amounted to 108,300, as compared with 105,900 in January. The consignment of potatoes, owing to the beginning of the seed potato transport, has risen by 2,964 trucks, to 10,392. The despatch of artificial manures was 77 per cent. larger than in January, but was still far below the figures for February of last year. The consumption by German agriculture remains small, while export has somewhat increased, so that towards the middle of February one or two potash trains per day could be despatched to France from Central Germany. The export of coal to Holland from the Ruhr showed an increase. On the other hand, in the home traffic 97,000 t. less coal was transported than in January. The consignment of bread grain, flour and sugar has dropped. Passenger traffic maintained the January level. A greater number of tariff reductions were carried out in February. The financial results for January 1926 are as follows: Returns from passenger traffic, R.Mk.89.33 million; goods traffic, R.Mk.180.88 million; various R.Mk.22.58 million; total, R.Mk.292.80 million. Expenditure: personal, R.Mk.194.57 million; material, R.Mk.73.80 million; interest, R.Mk.0.06 million; total, 268.43 million. In addition to this there are extraordinary expenses, bringing the total of all expenses to R.Mk.333.29 million. (*Hamburger Fremdenblatt*, No.79a.)

Shipping Companies' Reports.—The *Deutsche Allgemeine Zeitung* publishes the balance sheet of the Hamburg–South American Steamship Company, the first of the large shipping companies to issue their report for 1925. The working profits have been increased from R.Mk.4,735 to 5,144 million, and expenditure has been slightly reduced from R.Mk.3,042 to 3,033 mill., so that the net profits have been increased from R.Mk.1,692 mill. to 2,115 million. The 8 per cent. dividend distributed out of this profit will this time be reckoned on

25 million instead of 20 million share capital, however. On the other hand it must be remembered that the creditors' account has been reduced from R.Mk.5,616 mill. to 1,478 mill., thus causing a corresponding reduction in interest. The sum of R.Mk.3 mill. has been allotted respectively to the reserve and insurance accounts.

Freight business to and from South America is reported to have been very bad, owing to the excessive supply of cargo-room. From Hamburg, for instance, there were four times as many sailings for La Plata under 10 competing companies as before the war, when there were only two companies. Freight business to Brazil is subject to similar conditions, and exports have rather fallen off than increased. The return market from the Argentine was so poor that the outsiders who were dependent on charter parties were for the most part unable to run at all. The first and second-class passenger business has greatly increased, but emigration has fallen off. No great damages have been incurred during 1925 and the results of the new business year are reported as so far satisfactory.

The Norddeutscher Lloyd have also submitted their 1925 report, the gross profits being shown as amounting to R.Mk.22,331,965. This sum will admit of writing off to the extent of R.Mk.12,036,096, after covering expenses, taxes, etc., but will not allow of the declaration of a dividend. The balance of R.Mk.474,333 will be carried forward.

The *Hamburger Fremdenblatt*, No. 71, reports a meeting of the Supervisory Council of the Hamburg–America Line, at which the 1925 results were discussed, though the actual balance sheet meeting will not take place before April 9, followed by the General Meeting on April 30. The Company announces that the year's results will admit of satisfactory writing off, but not of the declaration of a dividend. In the prospectus issued in connection with the raising of the 10 million dollar loan the results for the first ten months of 1925 were published, and it was estimated that the sum which would remain over at the end of the year for interest and writing off would amount to R.Mk.9.8 million. Hopes were thus raised on the Bourse of the declaration of a dividend, which were destined to disappointment. It should be remembered that in 1924 gross profits amounting only to R.Mk.7.96 mill. were realised against expenditure for taxes and costs of R.Mk.7.60 mill., so that nothing remained over for writing off. At least this yaer the Company has the necessary means for new construction and the purchases which are about to be made.

The recent increase in Bourse quotations was, however, not based on hopes of a dividend, but on the supposition that the release of the Company's sequestrated property in America would bring considerable funds into their possession. The Hamburg–America Line, however, refuses to make any statement on the subject for the present.

UNITED STATES

POLITICAL AND GENERAL

Foreign Governments' Control of Raw Materials.—Addressing the Export Managers' Club of New York on March 16 on "The Future of our Foreign Trade," Mr. Secretary of Commerce Herbert Hoover referred once more to "the increasing practice of foreign governments directly or indirectly to create controls of raw materials for price fixing purposes where such nations dominate the production of a commodity"; and with regard to the United States' attitude in the matter, "Our long view solution," he said, "is to secure independent supplies and our temporary solution is to co-operate with the trades in organising our consumers for resistance when there is unreasonable demand, by better use and substitution of other commodities."

According to the *New York Times* Mr. Hoover is reported as having stated that the immediate effect of these large incursions into business by foreign governments was that in nearly every one of these cases American business men and consumers had insistently demanded the support and intervention of the United States Government in their protection. For years in some of these cases, he said, our people have exhausted every effort by negotiation to avoid inevitable friction. Finally our Government is plunged into business if we would not see our consumers unprotected. Emotion is common enough between individual buyers and sellers, but when governments get into price fixing they have established emotion upon a mass production basis.

From an objective point of view, price fixing by governmental restriction on production or otherwise not only creates artificial famines, but it also works to restrain the adequate growth of future supplies from the territories best adapted to production. In this way the expanding future need of the consumers is also jeopardised. In the end the consumer is forced to reduce his use and to employ inferior substitutes. All this is the negation of world progress.

We have had various possible courses to consider. Some of our bankers, business men and public men have advocated that the best way to handle these situations was to avoid consumer outbreaks by having our Government negotiate the terms and thus fix prices on behalf of the consumer, or to authorise the trades or the banks to do so. I do not believe they have thought this through. Such negotiation would be a recognition of price fixing as an economic basis of world trade by our Government. It would be a step inevitably followed into our domestic trade every time some industry fell into trouble. The Administration at Washington has steadfastly refused to countenance any price fixing.

. . .

Our countrymen are making progress in the long view provision of independent supplies in a number of these commodities. The campaign of the manufacturers and consumers for better use and conservation of rubber is a demonstration that the consumer possesses a potent weapon even against the formidable character of governmental price fixing and without resort to trade reprisals, and this movement is not confined to the United States.

Any doubts as to what the result of this campaign has been in the diminished demand for new rubber goods and the corresponding increase in the demand for repair material and substitutes during the last sixty days can be resolved by inquiry among the rubber trade. And it has had a repercussion in the 50 per cent. fall of rubber prices and a decrease in tyre prices.

I am convinced that the world has gained something from this effort far greater than the saving of rubber. It is notice to the world that the consumer must have reasonable treatment by these controls. It has shown that speculation against the consumer in these commodities is a dangerous calling. It may help the enlightenment of the managers of such controls, for whose actions we should not hold their countrymen responsible. It may check the formation of other price fixing controls in some other thirty commodities where it is possible. This demonstration should thus make for less friction in the future. It will save us from resort to price fixing schemes, and it may also save us from necessity of legislation. It has not been pleasing business, but the artificial suspension of the law of supply and demand is no parlour amenity.

We do not wish to buy any commodity without fair and stimulative profit to the producer. We have ourselves suffered greatly and still suffer from selling our farm products below the cost of production. It is not in the interest of any nation that it shall buy products on such terms, for the world needs expanding production. If there is any truth in economics at all, this cannot happen for long.

We would prefer to have established industries do the business in commodities which we cannot produce within our own borders than to force new industries in them elsewhere. We want to see their people prosper and expand their power to consume our export products. We earnestly wish for goodwill as the first necessity for trade. But none of these things will be accomplished by governments endeavouring to suspend the law of supply and demand and the entry of the world upon an era of price fixing.

Without entering upon any partisan discussion of the protective tariff principle, which I of course support, there is one phase which I believe experience shows has less effect upon the volume of international movement of commodities than had at one time been assumed.

As a result of the hardships suffered by many people of both combatant and neutral nations during the war, there came to all nations a deep resolution, in so far as the resources of their countries permitted, to produce as far as possible their essential commodities. The struggle to overcome post-war unemployment has added to this impulse. The result is that fifty-two of the seventy nations of the world, including almost every important trading nation, increased their tariffs after the war. It might seem that these widespread protective policies would tend to localise industry and thus decrease the total volume of international trade. But it certainly appears that internal economic and social currents which make for prosperity or depression in a nation have a much larger effect upon the total volume of imports than the tariffs, and thus more largely affect world trade as a whole.

In our case, far from our present tariff diminishing our total imports, they have increased about 35 per cent. since the higher tariff came into effect. This has also been the case with other nations who have progressed in international economy. In any event, our experience surely indicates that in considering the broad future of our trade we can dismiss the fear our increased tariff would so diminish our total imports as to destroy the ability of other nations to buy from us.

The most commonly remarked revolution in our foreign economic relations is our shift from a debtor to a creditor nation upon a gigantic scale. It is the father of much speculative discussion as to its future effect upon our merchandise trade. Alarm has been repeatedly raised that repayment of the war debts must necessitate the increase of imports of competitive goods in order to provide for these payments—to the damage of our industry and workmen. These ideas are out of perspective. Our war debt when settled upon our own views of the capacity to pay will yield about $300,000,000 per annum, although as yet the actual payments are about $180,000,000 per annum. The private foreign loans and investments to-day require repayments in principal and interest of about $600,000,000 annually, or nearly twice the war debt. I have heard of no suggestion that interest and repayment of these private debts will bring the disaster attributed to the war debt.

The question is of importance, however, as to how this $800,000,000 or $900,000,000 of annual payments may effect our merchandise movement. There is a compensating factor in American trade relations unique to our country which has a large bearing upon this question—that is, the vast dimension of our invisible exports in the form of tourist expenditures, emigrants' remittances, and other forms of American expenditure abroad. These items in 1925 amount to about $900,000,000, or about $100,000,000 more than our incoming payments on debts of all kinds. In other words, at this stage of calculation the balance of trade should be in our favour by about $100,000,000. But beyond this we are and shall long continue to make loans abroad. For the last four years these loans have averaged nearly $700,000,000 a year, and in fact the merchandise balance in our favour has been running just about this amount.

Now the summation and purpose of all these words is the conclusion that there is no disastrous shift in our imports and exports of merchandise in prospect from debt causes.

The making of loans to foreign countries for reproductive purposes not only increases our direct exports but builds up the prosperity of foreign countries and is an economic blessing to both sides of the transaction. And I do not put this business of loans upon any sentimental footing, although the economic advantage to foreign countries of our great financial strength in these times cannot be denied. Nor did we get this financial strength out of war profits. We lost enormously by the war. We created this reserve of capital, as any study of our economy will show, from our growth of efficiency, by hard work and savings, since the war.

Before I conclude I wish to mention one more ever present most important problem in foreign trade. That is our merchant marine. We need to visualise our overseas transportation not as a lot of ships, but as about twenty important sea routes, which are the extensions to our own island trade routes. There is only one protection of our commerce from discrimination and from combinations which would impose onerous freight rates. That is to maintain upon these trade routes the regular operation of very substantial shipping under the American flag. Commerce cannot operate upon uncertainty of transportation ; it requires regular, ferry-like sailings. The type of ship which is best adapted to such regular service and at the same time is the most practical for us to operate is the cargo liner.

The Government is now deeply in the shipping business, and I believe must continue to operate upon routes where private operation cannot undertake it, until the routes have been built up to the point where private operation can undertake them. But we will never have a real or satisfactory merchant marine until it is owned and maintained by private enterprise. The Government cannot operate cheaply. It cannot secure revenue as large as private enterprise. It cannot avoid the interminable difficulties and wastes of bureaucracy, and, above all, the direct and indirect political pressures. We must get out of Government operation as quickly as we can establish private operation.

Some of the lines on important trade routes are to-day successfully operated by American flag private enterprise. Some of the Government lines which are losing money to-day are rapidly approaching the point where they will pay private enterprise. With the growth of the volume of trade most of the lines can, I believe, be ultimately disposed of to successful private operation. But we will never attain even the best mediocrity of Government operation until we reform the method of administering the fleet, until we make it responsible to the President instead of directly to Congress, and until we have more definite merchant marine policies.

The Port of New York.—Nothing, says the March number of *Index*, the monthly organ of the New York Trust Company, is so obvious as the inadequacy of New York's transportation facilities both for passengers and for freight in the harbour and within the city itself. The importance of the Port in the nation's commerce—more trade passes through it now than through any other port in the world—has led to a concentration of industry within the district that increases rather than diminishes. Despite the congested systems of transportation, a vast volume of new enterprises constantly seeks location in the city.

The Port of New York Authority was established in 1922 to consider this problem of developing the district's transportation service to meet more efficiently the very great demands laid upon it. The Port Authority was approved by the legislatures of New York and New Jersey and by Congress, and has proceeded to its task on the basis of a Comprehensive Plan for transportation improvement.

The theory of the Plan is briefly discussed in the Port Authority's annual report as follows: "The (district's) transportation facilities themselves are extensive, but they have been constructed with the interest of the individual corporation in view, and the spirit of competition has served to limit their usefulness. The problem therefore is one of co-ordination and adjustment, of linking together the transportation facilities so that they may serve not merely their districts or neighbourhoods, or their own particular groups of shippers, but the whole business public. Behind the Comprehensive Plan and underlying all of its principles is the simple factor of linking up all the terminal facilities within the Port District, so that shippers may have available the services of all the transportation agencies entering the district and the transportation agencies may reach all the shippers of the district."

The first step in this process is an improvement in the freight service for Manhattan Island by the establishment of nine or more union freight stations in Manhattan, open to all shippers and all railroads. Shipments from local merchants and manufacturers would be sent to the nearest union station, there to be assorted and conveyed to the proper railroad by trucks. There would be no dumping and reloading of freight at the piers, and the number of individual piers now being maintained by the railroads would be greatly reduced. Truck congestion on the avenues and along the waterfront, caused by cross hauls from manufacturers to pierheads, would be eliminated. Incoming freight will be stopped at the railroad terminal, loaded into trucks, and sent across the river to the union station and there assorted and distributed. It is believed that the installation of this system will release 43 additional Manhattan piers for ocean and coastwise shipping. The elimination of duplicate piers and truck services will effect a considerable saving in freight charges. The Port Authority estimates direct savings to Manhattan business of $12,000,000 yearly and to the railroads of $2,000,000 yearly, without consideration of indirect savings.

As additional highways for commercial and passenger traffic, the Port Authority is planning the construction of three bridges, one over the Hudson River and the other two connecting New Jersey and Staten Island. The Hudson River Bridge will be located at a point between 178th and 179th Streets on the New York side, and at a point directly opposite in Fort Lee. It will probably be a suspension bridge with a single span of 3,500 feet, longer than any other span in the world. The Hudson River ferries transported a total of 11,706,200 vehicles across the river in 1924. Diversion of a large part of this traffic over the bridge will greatly expedite the transportation of truck freight and passengers.

Of the eleven railroads serving New York, only one has a freight service which reaches the island with its own rails; even this road serves the downtown section by float. About 100,000 car-float barges carrying a million cars a year serve the various railroads, using separate terminals often where a joint terminal would be satisfactory. In 1923, 36,771,000 tons of freight were handled in the railroad marine operations. To move this huge tonnage 105 tugs and 1,413 other craft of all descriptions were operated from 24 separate railroad terminals. Pooling of this marine equipment on he basis of common use by all carriers is the problem now being considered by the Port Authority. It is believed that greater economy and more efficient service will be secured by unifying these harbour transport fleets under a single management. Costs of distribution are a factor of constantly increasing importance in the cost of commodities to the consumer. The work of the Port Authority should directly benefit the inhabitants of the New York district in thus lowering the expense of freight transportation. Solution of the city's transit problems will, in addition, make it possible for industrial expansion to continue without congestion.

TRADE

Foreign Trade Returns for February.—The course of the country's foreign trade, for the time being at least, has changed and for the second successive month the balance of trade is against the United States, says the *New York Commercial and Financial Chronicle* of March 20. This appears from the statistics for the month of February, made public the present week. Imports again exceed those of a year ago by a considerable amount, while exports, on the other hand, are again reduced as compared with February of last year, and also leave an excess on the side of the imports, as was the case in January. Furthermore, as in January, the increase in merchandise imports last month was quite largely due to a heavy increase in shipments of rubber to the United States, both as to quantity and value, the average import price in February, as in January of this year, being considerably higher than it was a year ago. The merchandise exports in turn were very much less this year because of reduced shipments of cotton, and the lower export price of that commodity prevailing in the markets the present year.

February imports of merchandise were valued at $389,000,000, against $416,767,000 in January and $333,387,000 in February of last year, while merchandise exports last month were $353,000,000, against $397,196,000 in January and $370,676,000 in February a year ago. If allowance be made for the difference in the number of days between February and January this year, the decline in imports between those two months, entirely disappears. In fact, the average daily amount of the imports in January was $134,400,000, and in February $139,000,000. Exports, on the other hand, averaged $128,000,000 for each day in January and only $126,000,000 for each day in February. The balance of trade for February on merchandise account is $36,000,000 on the import side; for February of last year there was a balance of $37,289,000 on the export side, as there has been, until the beginning of 1926, for many months prior thereto. As it happens, too, the revised figures for January of this year show an increase in imports and a decrease in exports as compared with the preliminary report for January printed a month ago, making the revised balance of trade on the import side for that month $19,571,500. For the two months of 1926 to date the the total balance of trade on the import side amounts to $55,570,000; in the same two months of 1925, the balance was on the export side and aggregated $137,566,864.

Imports of rubber both in quantity and value have added materially to the increase in total imports this year. Detailed reports for February are as yet unavailable, but it is stated that rubber imports last month were valued at $58,000,000; in February 1925 rubber imports were valued at $18,532,000, the quantity in that month last year being 55,329,000 lb., and the average price per lb. 33½ cents. February merchandise imports this year exceed those of February 1925 by $55,600,000 and nearly $40,000,000 of this gain was due to rubber imports alone. The detailed statement for January, which is now available, shows imports of rubber in that month of 94,985,456 lb. at an average import price of 76.4 cents per lb., against 73,692,000 lb. imported in January 1925, at an average import price of only 30 cents per lb. It is apparent from these figures where much of the increase in January imports this year over a year ago was derived from.

Likewise as to exports. A decline in the single item of raw cotton for January and February of this year has changed the total value of merchandise exports from a gain over the same months of the preceding year to a loss. For those two months this year merchandise exports from the United States show a decline from a year ago of 8.2 per cent.; omitting cotton from the exports of both years, and the remaining amount for 1926 is 5.4 per cent. larger than it was in 1925. For the current crop year to date cotton exports are considerably less than they were a year ago, which is the more significant as the 1925 crop was an early one and in the earlier weeks of the current crop year cotton exports exceeded those of the corresponding weeks of the preceding crop year. The reverse, however, has been the case for the past two or three months and cotton exports have tended downward. The falling off in February was quite marked, exports of 556,185 bales contrasting with 811,838 bales in February 1925. The decline in cotton values for February this year was even greater than that as to quantity for the average export price of the staple last month was 21.2 cents per lb., as against 25 cents per lb. for February 1925.

For eight months of the current fiscal year total merchandise imports have been $2,968,600,000, as against $2,439,924,000 for the corresponding period of the preceding fiscal year, an increase this year of $528,675,000. The figures for each one of the eight months of the current fiscal year exceed those for the earlier period. Merchandise exports, on the other hand, for the past eight months were $3,296,723,000, in comparison with $3,318,381,000 for the same eight months of the preceding fiscal year, a decrease of $21,658,000, the first decrease that has appeared in a number of years. For this same period the decline in the value of cotton exports has been $99,272,500. Five of the eight months of the current fiscal year show smaller merchandise exports than for the corresponding months in the preceding year. The excess of merchandise exports for these eight months this year is $328,123,500; for the same period of the preceding fiscal year it was $878,456,000, a difference against the present year in amount of considerably over half a billion dollars.

Gold imports show another small gain in February, the total for that month being $25,415,655, against $19,351 202 for January and $3,602,527 for February 1925. Gold exports are still very much reduced, amounting last month to only $3,850,350, against $50,599,708 a year ago. For eight months of the current fiscal year gold imports have been $132,373,525, in contrast with $102,118,959 for the same period in the preceding year, while gold exports have been only $78,640,551, against $181,918,890. The excess of gold imports for the past eight months has been $53,732,974, which contrasts with an excess of gold exports of $79,799,931, for the same period of the preceding year. Silver imports in February were $8,861,871 and exports $7,747,324, the variation from month to month being unimportant.

Purchase of German Rails.—Since Henry Ford's Detroit Toledo and Ironton Railroad late in 1924 bought 10,500 tons from a Belgian mill, the most noteworthy purchase of foreign rails by an American railroad is that of 15,000 tons just negotiated by the Boston and Maine, says the New York *Iron Age*. The order has been placed with the well-known Krupp plant at Rheinhausen, Germany, and in addition to rails it is understood that the contract calls for upward of 5,000 tons of tie plates. Nothing has been given out as to the price of the rails or the accessories, though German basic open-hearth rails have been quoted for some time at the equivalent of $31 to $32 at Continental Channel port. As German exports of steel are in the hands of a revived Verband, such as functioned so efficiently in pre-war days, there is the likelihood that a figure somewhat lower than the above quotation was made available to the New England buyer, especially if there was French or Belgian competition for the order.

The Boston and Maine differs from the trunk lines, which are the largest patrons of domestic rail mills, in that it has practically no freight from the assembling of the raw materials of iron and steel production. Unlike such lines, it cannot benefit by being able to load the rails it buys into its own cars at the mill and haul them at cost to any point on its line, however distant. Being remote from the centres of steel production and being able to load imported rails from ocean steamer into its own cars, the Boston and Maine has been for some time convassing the proposal to buy abroad. Whether the saving on the 20,000 tons of rails and accessories it has bought in Germany be $8 or $10 a ton, or even more than the higher sum, it was apparently regarded as sufficient to outweigh the considerations commonly urged in favour of preferring home producers.

The Boston and Maine management, being free from such political trammels as led the New York Aldermen to rule out German cast-iron pipe, even though much cheaper than domestic pipe, have made their decision on grounds that have been influential with various private buyers of steel located along the Atlantic and Pacific seaboards or on the Gulf, and that have added steadily to the incoming stream of steel from Continental mills. It is not a large stream—about 1½ per cent. of the volume of domestic steel production—and still much exceeded by the export stream from American mills. Yet it cannot be said of steel, as has been said of some manufactured products, that excessive tariffs prevent our European debtors from doing business with us. Railroad freights, rather than the tariff, are keeping imports of foreign steel at the present modicum, and there is not a remote chance that the agitation for increased imports will be converted into a campaign for a horizontal lowering of railroad rates to allow European steel to penetrate to interior points.

SOUTH AMERICA

ARGENTINA.

Finance Committee's Report on Budget Proposals for 1926.—The Finance Committee of the Chamber of Deputies has issued its report on the Budget proposals for the financial year 1926, in which ordinary expenditure is fixed at 650,626,323.14 pesos (paper) and ordinary revenue at 670,181,910.17 pesos (paper), thus showing a surplus of 19,555,587.03 pesos (paper). The sum of 107,798,691.10 pesos is allowed for expenditure on public works, with supplementary credits estimated at 31,197,298 pesos. To cover this expenditure the Government is authorised to make an issue of internal bonds to the value of 150 mill. pesos. The total disbursements for subsidies and bounties, etc., amount to 24,357,236.83 pesos, to be covered by special revenue estimated at 24,639,473 pesos. The distribution of expenditure, as revised by the Committee, is as follows (in pesos) :—

National Congress ...	6,126,250.00
Ministry of the Interior ...	111,410,850.00
Ministry of Foreign Affairs ...	7,044,403.24
Ministry of Finance ...	27,841,107.50
Public Debt ...	168,891,253.67
Ministries of Justice and Public Instruction ...	143,093,101.78
Ministry of War ...	64,256,183.00
Ministry of Marine ...	47,284,591.27
Ministry of Agriculture ...	22,349,932.00
Ministry of Public Works ...	24,640,348.00
Pensions, allowances, etc. ...	27,688,302.68

The figures in the following table permit a comparison to be made between the Finance Committee's report and the Budget in force (in pesos) :—

	Committee's report.	Budget.
Expenditure ...	650,626,323.14	545,736,429.71
Revenue ...	670,181,910.17	545,801,381.99
Public Works ...	107,798,691.10	99,150,904.25
Subsidies, bounties—(expenditure) ...	24,357,236.83	20,080,210.00
Subsidies, bounties—(revenue) ...	24,639,473.00	20,080,210.00

The Committee's report shows the following increases on the current estimates (in pesos) : Expenditure, 104,889,893.43 ; revenue, 124,380,528.18 ; public works, 8,647,786.85 ; subsidies and bounties (expenditure), 4,277,026.83 ; subsidies and bounties (revenue), 4,559,263. The main differences in the estimated revenue arise from the readjustment of the estimated Customs returns : the current Budget estimates import duties at 175,100,000 pesos, while the Finance Committee's report puts this item at 259.000,000, an increase of 83,900,000 pesos ; export duties for 1924 were estimated at 30,000,000 pesos as against the Committee's estimate at 53,000,000 pesos, an increase, that is, of 23,000,000 pesos. The differences of the remaining categories are not so appreciable. (*La Nación.*)

Provisional Treasury Returns for 1925. — The National Audit Office has submitted to the Ministry of Finance a statement relative to the results of the financial year 1925. From these provisional figures it will be seen that there will probably be a surplus of 50,600,000 pesos when the final accounts are drawn up. The surplus is arrived at as follows (in pesos) :—

General receipts collected and estimated up to the end of 1925 ...	—	630,000,000
Expenditure proved and estimated up to the end of 1925 ...	556,000,000	556,000,000
Surplus, general account ...	—	74,000,000
Supplementary receipts collected and estimated ...	19,500,000	—
Supplementary expenditure proved and estimated ...	18,600,000	—
Surplus of supplementary account	900,000	900,000
Joint surplus ...	—	74,900,000
Other expenditure *extra* estimates—		
Expenditure arising from the application of special laws ...	8,100,000	—
Government agreements ...	6,900,000	—
Service of loans not included in the estimates ...	12,000,000	—
Transferred credits ...	500,000	—
	27,500,000	—
Other receipts collected but not included above ...	3,200,000	—
Deficit of subsidiary account ...	24,300,000	24,300,000
Effective surplus ...	—	50,600,000

The total import and export duties collected at the Buenos Aires Customs House during the year 1925 amounted to 327,576,091 pesos (paper) as compared with 287,207,397 pesos in 1924, thus showing an increase of 40,368,694 pesos (paper) against the preceding year. Direct taxes brought in 103,709,113.73 pesos, against 95,827,245.16 pesos in 1924. (*La Nación.*)

New Issue of Internal Bonds.—The National Public Credit Junta recently notified the Ministry of Finance of its resolution to issue bonds corresponding to the first series of the Crédito Argentino Interno of 1925. The Government has accordingly published a decree providing for a first issue of these bonds to the value of 36 mill. pesos at 6 per cent. interest and 1 per cent. annual amortisation accumulative, with drawings at parity, if and when the quotations are at or above par. The total number of the different denominations of these bonds is as follows: 5,000 of 100 pesos, 9,000 of 500 pesos, 6,000 of 1,000 pesos, and 5,000 of 5,000 pesos; total, 36,000,000 pesos. The bonds bear quarterly coupons, with maturity on February 1, May 1, August 1, and November 1 each year, the first coupon maturing February 1, 1926. The bonds are free from all national and municipal taxes or duties. (*La Nación.*)

Meat Exports in 1925.—The following official figures of Argentine meat exports in 1925 have been issued to the Press: frozen beef, 287,703 tons (368,233 tons in 1924); chilled beef, 385,984 tons (387,987 tons); frozen mutton and lamb, 91,322 tons (82,715 tons); frozen pork, 624 tons (115 tons); canned meat, 70,155 tons (93,226 tons); pickled and dried meat, 13,479 tons (15,592 tons). The total volume of meat exports in 1925 amounts therefore to 849,267 tons, as compared with 947,868 tons in 1924, showing a decrease of 98,601 tons. From the above figures it will be observed that whereas the exports of frozen beef in 1925 were about 80,000 tons lower than in 1924, the exportation of chilled beef remained practically stationary. Great Britain still remains the chief market for the consignments of Argentine meat, and, as *La Nación* points out in reporting the results of the enquiry conducted by the Statistical Bureau of the Argentine Rural Society respecting the importation of frozen and chilled meat into Great Britain during the first ten months of 1925, the decline in the Argentine exports of frozen beef is mainly due to the growing preference in Great Britain for chilled rather than for frozen meat. The exportation of Argentine frozen beef to Great Britain is in fact becoming almost negligible. The competition of Australia in this particular line is not considered of great importance. The general decline in shipments to Great Britain may also be at least partially explained by the failure of the leading exporters to maintain the effective working arrangement in respect to shipping. Experience had proved that the British market was occasionally glutted and at other times lacked sufficient stock owing to the various importers receiving consignments as opportunity offered. In order to regulate supplies an arrangement was made between the chief importers and exporters whereby the available shipping space was allotted in specified proportion to the firms that had made the agreement. This arrangement worked quite satisfactorily, but during the course of last year it fell through on account of certain changes that took place in the management of some of the participating firms. Thus there has recently been a lack of organisation in the supplies, resulting in an uncertain market and fluctuating wholesale prices. Efforts have been made to revive the former working arrangements as to shipping, but so far little success has been achieved.

The Vintage in 1925.—Although the Argentine demand for wine is met chiefly by the imported article, there is a steady development noticeable in the home wine-growing industry. During the past two years particularly the interest in this direction has been considerably augmented, and the vintage in 1925 was greater than in any of the past six years. In 1920 4,296 vineyards yielded 4,523,585 hectolitres; in 1921, 4,072 vineyards = 5,900,457 hectolitres; in 1922, 3,825 vineyards = 4,968,126 hectolitres; in 1923, 4,447 vineyards = 5,440,367 hectolitres; in 1924, 5,029 vineyards = 5,531,371 hectolitres; in 1925, 5,139 vineyards = 6,504,176 hectolitres. (*La Prensa.*)

Immigration and Emigration Statistics for 1925.—During the year 1925 the number of immigrants into Argentina totalled 136,326 souls, of which 124,511 were third class and 11,815 were second and first class arrivals. During the same period the total number of emigrants was 62,135 souls. The excess of immigrants over emigrants was therefore 74,191 souls, as against 113,834 in 1924 and 148,990 in 1923. The migratory movements were practically limited to Italian, Spanish and German nationals, other countries being represented by insignificant numbers. The movements of the three chief nationalities were as follows:—

1925.	No. of immigrants.	No. of emigrants.
Italian	39,843	19,579
Spanish	24,652	13,660
German	4,722	4,819

It will be noted that the number of German emigrants from Argentina slightly exceeded the number of German immigrants into this country during the past year. (*La Nación.*)

CHILE.

Capital and Reserves of Chilean Banks.—At the close of the fiscal year 1925 the aggregate amount of capital and reserves in the national and foreign banks established in Chile figured at 610,267,000 pesos (paper), of which 473,962,000 pesos represents the total capital and reserves of the various national banks, distributed as follows (in paper pesos): Banco de Chile, 203,841,000; Banco Español de Chile, 101,040,000; National Bank, 50,136,000; Messrs. A. Edwards and Company Bank, 50,944,000; Banco de Talca, 13,744,000; Banco de Chile y Argentina, 13,513,000; Banco Osorno y La Union, 13,391,000; Banco Italiano, 12,806,000; Banco de Concepción, 7,739,000; Banco de Curicó, 7,088,000; Messrs. R. Valenzuela and Company Bank, 5,000,000; Banco Comercial de Curicó, 2,192,000; Banco de Llanquihué, 1,313,000; Banco de Constitucion, 695,000; and Banco de Mulchen, 519,000. The total of 136,305,000 pesos held by the various foreign banks was distributed as follows (in paper pesos): Anglo-South American Bank, 71,561,000; German Trans-Atlantic Bank, 16,407,000; Bank of Chile and Germany, 13,045,000; Yugo-Slav Bank, 12,734,000; French-Italian Bank, 5,010,000; German Bank of South America, 5,000,000; National City Bank of New York, 5,000,000; Bank of London and South America, 4,000,000; Italian-Belgian Bank, 2,088,000; and Banco Mercantil de Bolivia, 1,520,000. (*España Económica y Financiera.*)

According to Press reports the Banco Español de Chile has made a request to be placed under official control with a view to its situation being examined. Although this Bank is an important institution, it is generally considered that its present difficult situation will not have far-reaching effects, since it has no branches outside the country and its European business is said to have been on a modest scale.

Foreign Trade Returns January to September.—The official provisional statistics relative to Chilean foreign trade during the first nine months of 1925 indicate that the increased import and export movements recorded in the earlier months of the year have been maintained. The aggregate value of 35 principal articles of importation in the period mentioned was $92,131,070 (gold of 18d.), as compared with $76,507,767 in the first nine months of 1924, while 28 principal articles of exportation were valued at $414,996,369 (gold of 18d.), against $393,428,468 in the corresponding period of the preceding year. Imports of oil increased in value from $9,734,401 (gold of 18d.) in the first nine months of 1924 to $15,904,398 in the corresponding months of 1925, whilst those of tea and sugar also show considerable expansion. With regard to the export trade, shipments of borax rose in value from $3,787,771 (gold of 18d.) to $6,153,402; those of frozen meat from $6,645,457 to $8,776,467; of nitrate from $210,869,226 to $220,631,419; and of wheat from $15,167,142 to $21,593,845. Exports of barley fell in value from $8,500,052 (gold of 18d.) to $5,943,412, while those of bar copper declined from $97,269,301 to $87,938,022. (*Report of Anglo-South American Bank.*)

Customs Receipts January to November.—The total Customs receipts collected in November last amounted to $14,831,855 (gold of 18d.), as compared with $12,453,444 in November 1924, thus bringing the aggregate Customs receipts for the period January to November 1925 to the sum of $143,523,661 (gold of 18d.), as against $132,435,126 for the corresponding eleven months' period in 1924, an increase of $11,088,535 (gold of 18d.). Approximately one-half of these receipts were derived from the export duty on nitrate.

Import Duty on Coal and Petroleum.—An import duty of 15 pesos per ton has been imposed on foreign imported coal and briquettes, as from December 22, 1925. The new duty does not, however, apply to coke imported for the metal industries. Coal consignments which were confirmed before December 30 last are exempted from the new duty if delivery be affected within four months of the date when the new regulations came into force, that is, December 22, 1925.

The new import duty on petroleum is fixed at 3 per cent. per ton of petroleum and will remain in force for a period of six months commencing December 22,1925.

COLOMBIA.

The New President.—Dr. Abadía Mendéz has been elected President of the Republic of Colombia, to continue in office, failing accidents, till the year 1930. Dr. Mendéz, states *El Sol*, is only forty-six years of age and is professor of administrative law and of political economy at Bogotá University, and is also Chairman of the Municipal Council of Bogotá. He was the candidate of the Government party of General Nel Ospina and belongs to the so-called Conservative party, which in many respects is more " liberal " and progressive than the Liberal party. His election is generally regarded as a good omen and as a guarantee of the continuation of a peaceful foreign policy and of tranquillity at home. Whilst the country suffered from innumerable and disastrous civil wars between the years 1863 and 1886, it has enjoyed a period of more than twenty-four years of tranquillity under the régime of the party to which the new President belongs. Dr. Mendez is a man of modern and progressive ideas and it is expected that under his Presidency the country will witness further favourable developments in its general economic life.

Treasury Accounts for 1924 and Provisional Returns for 1925.—The Comptroller General has submitted to Parliament a statement respecting the closed national accounts for the financial year 1924. The aggregate receipts for the year amounted to 33.5 million pesos, or an increase on the revenue of the preceding year, and 5.7 millions in excess of the estimated figure. The revenue in 1924 compared very favourably with that of previous years (in mill. pesos): 1912 = 14.1 ; 1917 = 18.3 ; 1922 = 21.9 ; 1924 = 33.5. The receipts of the different State Departments also show a satisfactory upward movement (in mill. pesos): 1916 = 7.3 ; 1920 = 12.2 ; 1924 = 16.9. State expenditure in 1924 ran to a total of 25.9 mill. pesos. The surplus allows for the allotment of 4.8 mill. pesos towards the amortisation of the public debt and also a donation of 1.27 mill. pesos for the construction of railways. (*España Económica y Financiera.*)

The *Colombian Trade Review* reports that the aggregate Treasury receipts for 1925 show, according to the provisional returns which are subject to revision, an increase of about 30 per cent. on those of the preceding year, without the imposition of any additional taxation.

Railway Returns.—The report of the General Administration of the railways in Colombia for the year 1924 has recently been issued, showing that the ten railway companies operating in Colombia exploit a total length of 1,605 kilometres of railways. In 1924 the number of passengers carried by these lines amounted to 8,299,616 persons as against 7,536,652 in 1923, whilst the total tonnage of goods conveyed figured at 1810,062, tons as compared with 1,569,779 tons in 1923. The gross receipts of the railways rose from 10,233,681 pesos in 1923 to 117,473,462 pesos in 1924, the expenditure also rising from 6,352,305 pesos in 1923 to 7,004,137 pesos in 1924. The net revenue of the railways is given as 4,847,726 pesos in 1924, as against 4,127,175 pesos in 1923. The chief companies contributing to the increased revenue were The Dorada Extension Railway Ltd., The Colombian Northern Railway Company, La Dorada, and El Norte. (*El Tiempo.*)

General Intelligence.—The total value of Colombia's exports in 1925, states the *Colombian Trade Review*, is estimated at £18,000,000, as compared with £17,600,000 in 1924 and only £6 mill. in 1922.

The new 400 kilometre conduit of the Cendian National Corporation should be completed on May 1 next, from which date 30,000 barrels of petroleum will be available daily for exportation.

The British Cotton Mission has begun its investigation into the possibilities offered by Colombia as a future source of supply of cotton. Conferences are being arranged with the leading cotton growers, the various chambers of commerce and Government departments more directly concerned with this question.

According to a Memorandum issued by the Municipality of Bogotá the population of the capital of Colombia has grown from 128,406 souls in 1914 to 170,880 souls in 1924, an increase of about 30 per cent. in ten years. The municipal revenue has grown within the same period from 594,317 pesos to 2,069,878 pesos.

ECUADOR.

Foundation of the Central Bank of Ecuador.—In accordance with the decree issued by the Government a joint stock company has been founded under the name of the Banco Central del Ecuador to carry on operations of emission, deposit and discounting business, etc. The existence of the new bank is originally fixed for a period of fifty years, dating from the day of issue of the shares. It will have its chief offices at Quito and Guayaquil and will be permitted to establish branches and appoint agents elsewhere, both in Ecuador and abroad. The capital totals 2,000,000 condores, divided into shares of 10, 50, 100 and 1,000 condores. Foreign Governments are not permitted to acquire any of these shares. As from the date of beginning its operations, the Central Bank will enjoy the exclusive right of issuing notes for a period of fifty years ; at the same date the privilege of issuing their own notes will be withdrawn from those banks now enjoying it, and the existing circulation of notes of such banks will be transferred to the Central Bank. The new bank will act as agent for the State, the various municipalities and for the different State institutions. (*España Económica y Financiera.*)

PERU.

National Finances.—From the various Press opinions on the national finances of Peru it may be deduced that the present financial situation of the country is by no means unfavourable. The Budget for 1925, as reported in The Economic Review of October 9, 1925 (Vol. XII., No. 15), balanced revenue and expenditure at £P.8,862,245, whilst the closed accounts for the preceding two years showed an appreciable surplus. The definite results of the financial year 1925 are not yet known, but there appears to be a possibility that the closed accounts for this year will eventually reveal a small surplus, especially as the Treasury returns already published are better than expected. The Peruvian share of the cost of the Tacna-Arica plebiscite will be an additional burden for the State, but this item is being met by a supplementary postal tariff. The Government has also augmented the Customs tariff, the rate for certain wares being now double that previously imposed. The match monopoly has been leased for a period of twenty years to the Svenska Tändsticks-Aktiebolaget, with the participation of the International Match Corporation, the United States subsidiary company of the Swedish concern. Under this contract a Match Monopoly Company has been formed under the control of the

Swedish Company and has the exclusive concession for the manufacture, importation and sale of matches in Peru. The new company imports from the factories of the parent company in Sweden a sufficient quantity of matches to satisfy the demand in Peru, whereas formerly only about 12 per cent. of the Peruvian match consumption was met by imports from Sweden. The two Peruvian factories that hitherto supplied well over 80 per cent. of the home demand have been purchased by the Government and closed down. For the granting of this concession the Peruvian Government receives an annual sum of £P.200,000 from the Swedish Match Company, under certain safeguards against any eventual depreciation in the currency. The revenue thus obtained will be devoted to the development of certain public works, and particularly for irrigation purposes with a view to fostering the cotton growing industry. In addition to signing this contract with the Swedish Match Company in order to swell the State revenue the Government has increased the consumption tax by 700 per cent.

According to the *West Coast Leader* the Peruvian Government has raised a loan of 7.5 mill. dollars in New York, at 7½ per cent. interest, secured on total of the State's participation in the petroleum revenue. The Government is also reported to have been authorised by the Chamber of Deputies to raise a further loan of £1,500,000 with which to meet the maturing loan. This loan will bear interest at 5 per cent., and will be issued at 91, redeemable in twenty years and secured on the State income from salt. Excluding these two operations, the national debt stood at £P.13.3 mill. at the close of the first half of 1925. The greater part of the foreign debt is for productive purposes and cannot be regarded as a particularly heavy burden for the State. The Government is also authorised by Parliament to adopt any measures considered necessary to avoid a depreciation in the exchange value of the Peruvian currency.

SPECIAL CORRESPONDENCE.

ECONOMIC CONDITIONS IN AUSTRIA.

(*From our Vienna Correspondent.*)

For some time past a growing interest has been displayed in the problems arising out of the political discussions in the Italian Chamber about the possible absorption of Austria by Germany. After the signature to the Treaty of Saint-Germain had been affixed by Austria foreign politics were no longer her chief concern. The struggle for her economic existence in the face of so many difficulties forced Austria to abandon any political aims; and yet it cannot be denied that the rank and file of the population desires that Austria should join Germany, solely in the hope that through the creation of a larger economic territory better conditions for the subsistence of her people will prevail.

Thanks to the whole-hearted support of the League of Nations Austria has made great progress towards balancing her Budget and has succeeded in putting her currency on a sound foundation. But there remains one great problem without the solution of which she cannot exist in an economic sense. The little Republic is hemmed in on all sides by formidable tariff walls and so long as her neighbours do not change their policy she can have no markets for her exports. The commercial treaties with the Succession States have not been favourable to Austria, especially the one with Czechoslovakia, and negotiations for its revision will begin at an early date. After endless bargaining the new treaty with Hungary has at last been concluded. Here Austria has scored a moderate success, but at the cost of far-reaching concessions which do not please the rural interest.

A small reduction in the large number of unemployed is recorded, but this problem continues to cause great anxiety to the Government. Attempts are being made to settle workmen as farmers in certain parts of Russia, but these experiments will have to justify themselves before emigration on a larger scale can be tried.

Trade is exceedingly bad at present and the position of the exporter is getting more and more difficult. Germany has lately been dumping goods, chiefly textiles, into Austria, where they are being sold below the price of the home-made goods. A similar state of affairs exists as regards Czechoslovakia, whence cheap foodstuffs are exported that undersell the local produce.

New Customs tariffs are promised to help agriculture and the beet sugar and dairy industries; but they are likely to raise the cost of living, and are therefore opposed by the Socialist Party. As regards the dairy industry, the position is very interesting. The stock of cattle has increased to such an extent that it is now higher than in pre-war days, allowing for the much smaller area which constitutes the Austria of to-day. There is a very large surplus of milk which could be converted into butter and cheese. It sounds fantastic but is true nevertheless, that Austria last year imported dairy produce from Denmark, Holland and Czechoslovakia to the amount of $7,000,000, nearly all of which could have been produced at home. The League of Nations Finance Committee has now granted permission to allocate, for a start, six million Austrian schillings from the unused balance of the loan for the purpose of starting a dairy industry in Austria.

The situation on the money market is very comfortable. Owing to bad trade the requirements of industry are comparatively small. The deposits in the Savings Banks are constantly increasing, although the rates are less attractive than they used to be.

It is satisfactory to observe that the small investor is taking an interest again in the land mortgage bonds of the Austrian Banks of Issue and that the 8 per cent. Gold Mortgage Bonds, originally offered at 92 per cent., are now quoted at 5 per cent. premium.

The Austrian banks have undoubtedly had a lean year and should not therefore indulge in large dividends, a policy which they are inclined to pursue. Their prestige in the eyes of those whose goodwill they are anxious to retain will not suffer by the distribution of smaller dividends, and besides it would be sound policy.

On the stock market business is slack on the whole; the crisis in Hungary has made Vienna once more the dumping ground for the sale of Hungarian securities, and liquidation from that quarter was the chief cause for the sudden end of the recent rise. At present it looks as if liquidation had run its course, and the market seems inclined to take a turn for the better, as it is in an oversold condition.

A brisk business is being transacted in Austrian pre-war Government securities, the large purchases emanating from people who believe that the Government will compensate to some extent the enormous losses suffered by the bondholders through the currency inflation of post-war days and "valorise" their holdings. Recent utterances of the Austrian Minister of Finance lend colour to this belief. Such a policy would certainly be commendable, as it would have the effect of reviving confidence in the honesty of the State and create a new class of investors ready to subscribe to the many loans which Austria will need in the course of the next years and on the absorption of which by her own nationals she will ultimately have to depend.

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	7	Lisbon	9	Sofia	7
Brussels	7½	Madrid ...	5	Stockholm ...	4½
Bucharest ...	6	Moscow ...	8	Tokyo	7.3
Budapest ...	7	New York...	4	Vienna	8
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.

SPECIAL ARTICLES

(Whilst the Editor of "The Economic Review" welcomes in these columns the expression of all shades of opinion on matters of economic controversy, he is not necessarily identified with any particular opinion expressed.)

ECONOMIC CONDITIONS IN EAST AFRICA.

A report on the Trade and Commerce of East Africa by Mr. C. Kemp, Deputy Trade Commissioner, has just been issued by the Department of Overseas Trade.* The period surveyed by Mr. Kemp is roughly the twelve months preceding September 1925. The last report, written by Col. W. H. Franklin, C.B.E., D.S.O., His Majesty's Trade Commissioner in East Africa, ended on a rather optimistic note, although it was felt necessary to convey a warning against the possibility of over-trading through over-optimism. Both views, in the opinion of Mr. Kemp, were justified by later events. Almost without exception, exportable surpluses throughout East Africa have in the period he is reviewing shown remarkable increases, and, on the other hand, the optimism engendered by freer money conditions resulted, it is regretted, in a large measure of over-trading at the end of 1924 and the beginning of 1925. This overtrading was further increased by the re-institution of loose credit methods by foreign firms, who, besides allowing the more responsible importers to carry more stocks than would otherwise have been financially possible, have also widened the area of importation by encouraging small local traders to become direct importers on their own account. In a foreword to this report, Colonel Franklin notes that this activity on the part of foreign firms is showing signs of lessening. The lessons of the year under review, he adds, must have taught them that their tactics in attacking the trade by destroying the usual credit terms are wrong from a commercial standpoint, and if these tactics are continued in the face of the losses made it would appear that there must be other actuating causes than the trader's desire to do business.

In dealing with East African exports the present report devotes a good deal of its attention to Cotton. There can be but little doubt that the cultivation of cotton is rapidly becoming one of the most important factors in the economic life of East Africa, and the analysis of the conditions given by Mr. Kemp is well worth recapitulating here.

Uganda.—The final out-turn of the 1924–25 crop is now estimated at 171,000 bales of 400 lbs., and the quality is generally considered to have been up to standard. Of that crop the bulk is being shipped direct to the United Kingdom, whereas in the previous few years it has mostly gone to India in the first place. Mr. Kemp considers that possibly the increased offerings of freight space for Liverpool have had some effect upon this change in direct destination, but, he goes on to add, the shortage of American staple of similar length and grade and the correspondingly higher premium over American middling paid during the past season, have been the greatest cause. Moreover, the consumption of this grade by India and Japan is understood to be an almost fixed quantity. At the time of writing this report it was deemed difficult to prophesy the out-turn of the next crop. Rains in Uganda have been late and cotton planting throughout the Protectorate has accordingly been delayed. The latest information, however, states that the acreage either planted or in view will be up to the standard of last season, and it is hoped that the 200,000-bale mark will be reached in the 1925–26 crop.

There have been complaints during the past season of delay in getting cotton out of Uganda, but these are rather difficult to substantiate in view of the great increase in exports in the first six months of 1925 as compared with the similar period of 1924. Undoubtedly congestion has occurred at the lake ports, mainly through labour difficulties, and Mr. Kemp fears that such trouble will be recurrent until the new railway from Turbo to the Eastern Province of Uganda is ready for traffic. The question resolves itself into one of organisation. If cotton is shipped down from the up-country to the lake ports at a rate faster than the lake Marine can lift it and in quantities greater than those for which there is existing storage, there is bound to be loss through damage. An attempt will be made to overcome this difficulty by the limitation of the transport of half-pressed bales and also by the total prohibition of the shipment of cotton seed from Lake Victoria ports during the first five months of 1926. Reference was made in Col. Franklin's last report to the setting up of the Cotton Control Board with advisory powers, and as a result of their deliberations the Central Market System, as practised in the Eastern Province, will be extended to the Buganda Province as from the commencement of next season.

Tanganyika.—The 1924–25 cotton crop in Tanganyika amounted to 7,517,264 lbs. of lint, and was a 64 per cent. increase over the output of the preceding season. Much of this was produced by natives, the ratio of increase of native production over the earlier season being almost 60 per cent. The out-turn is reported to have been good and the quality maintained. For the coming season the prospects are considered to be doubtful. In most districts of Tanganyika the rains have been either extraordinarily late or very infrequent, though conditions are reported to be promising in the Mwanza and South-Eastern districts, and everything depends upon the progress of the second plantings. The official estimate for the season is 20,000 bales.

Kenya.—Production of cotton in Kenya shows very little increase, and the future of this crop is still in many ways doubtful. Recent legislation has abolished the cotton excise tax in the districts adjacent to the Tanganyika border, so that where cotton is grown in Kenya adjacent to Tanganyika there is no tax, but where it is grown in Kenya in the neighbourhood of the Uganda border the tax of 6 cents per pound still continues. This tax exemption, considers Mr. Kemp, could also be applied to other districts, i.e. the Coast.

In speaking generally of the East African cotton industry and its prospects, Mr. Kemp notes that a very interesting report has been furnished upon cotton growing in Uganda and the Lake Victoria Basin by the Assistant Director of the Empire Cotton Growing Corporation. That report definitely emphasises two points which have long been engaging the attention of the authorities concerned. One is the question of the extension of the transport facilities and the other the strengthening of the scientific side of cotton growing. In responsible quarters the opinion held is that it would probably pay East Africa to call a halt at the present time in the extension of the cotton growing areas, and, in the meantime, by means of increased scientific research in planting and seed selection, to do something towards the improvement of the yield and quality. The extension of ploughing operations by the native growers in the north of the Eastern Province of Uganda and the Shinyanga sub-district of Tanganyika gives indications of great promise. A reference to district statistics, however, shows that the yield and quality of seed cotton vary so largely that, if really standard East African qualities of lint are to be obtained with a view to facilitating forward dealings, the point of consolidating the progress already made before the extension of area takes place is most important. There is another item worthy of mention made by Col. French in his report. The fluctuations of the cotton market in the past few years have undoubtedly made the native grower "of necessity a speculator in world's values, a position for which his psychology hardly fits him." The question of a graduated cotton tax, which might be used to restrain fluctuations in the price obtained by the native

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

for his seed cotton from year to year, is undoubtedly one of great intricacy, but it is also one of the utmost moment, and should be examined fully by the responsible authorities at an early date.

It is evident, from a number of considerations, that the economic community of interest of the territories is becoming a more accepted fact, and that there is a greater tendency to regard East Africa as an economic whole instead of a congeries of allied units. Such is the position from the trader's point of view, but the investment question goes even further. In their Report the Parliamentary Commission recommended an East African transport loan of some £10,000,000, partly for the purpose of the provision of better services for existing centres of production, and partly to open up new centres. Anyone conversant with East African conditions knows that many opportunities exist for investment in works which would pay almost from the commencement of working. Mr. Kemp refers, as an example, to schemes of district transport on a large scale, in connection with which the possibilities of caterpillar tractor work, in order to save the high first and maintenance cost of roads and railways, would form a most attractive proposition. On the other hand, there are major works, principally railway and port, that offer interesting possibilities. A close acquaintance with East African conditions is convincing upon the point that when considering such works a rather long view must be taken. If, as has happened, plans are laid for works with a view to the near future only, it is evident from the trade returns that by the time such works are completed they would be barely sufficient to meet the increasing needs of the area; in consequence, a larger view of development must necessarily be accepted. Such longer view, however, brings up one most important consideration, namely that of possible over-capitalisation. Responsible opinion therefore insists that, in order to avoid burdening these young countries with heavy interest debits, it is necessary to divide development plans into two categories, namely works which would pay almost from the date of their completion, and secondly, works which would form part of long-view schemes, and in regard to which the countries would need help until an economic return on the invested capital were possible.

THE ECONOMIST'S BOOKSHELF

THE NATIONAL BANK OF CZECHOSLOVAKIA.

National Bank of Czechoslovakia. By Dr. KAREL ENGLIS. (Prague: "Orbis" Publishing Company.)

This is a good translation of the Czechoslovak Finance Minister's lucid outline of the scope and functions of the recently inaugurated Czechoslovak National Bank. Incidentally it contains some interesting material for the study of Czechoslovak financial history during recent years, and renders an English version of the Acts of the Legislature of April 14th, 1920, and April 23rd, 1925, which have culminated in the establishment of a National Bank. Dr. Englis has proved himself to be a first-rate Finance Minister during his tenure of that important office; his own proposals he has piloted in a masterly manner, and this explanatory work from his own pen should find many readers both in this country and in the United States of America. Czechoslovak currency policy during the first six years of the Republic's existence, he considers, falls into three periods. They are (*a*) the period of decrees, from the establishment of the Republic to the Spring of 1920, and during which all the necessary measures were taken for placing the currency of the country on an independent basis; (*b*) the period of stabilisation from the Spring of 1920 to the end of 1921, when the economic and financial preconditions for a sound currency were attained; and (*c*) the period of deflation from 1922 up to the present, during which time a policy of currency, economic and financial deflation has been pursued. Dr. Englis subjects these three periods to a brief but penetrating analysis, and concludes that the deflation crisis and deflation period closed with the year 1924' The Government itself abandoned, after the experiences of 1922–24, the idea of further deflation. For two years the currency has been maintained at a stable level, industrial production has adjusted itself to that level, and the State itself is gradually accommodating itself also. The next step was in the Spring of 1925, when the Government got an Act passed for the establishment of a bank of issue and legalising the present level of the currency. This, affirms Dr. Englis, marks the opening of a new period of currency policy—the stabilisation period—which will probably conclude with the establishment by law of the gold standard as soon as the necessary economic, financial and administrative conditions make this step possible.

The new National Bank of Czechoslovakia is a joint-stock bank. In this way it was definitively settled that the administration of the currency will be separate from the State administration, especially the finances of the State. The rights and duties as between the Bank and the State are strictly adjusted by law. The joint-stock capital is 12 million gold dollars, and may be increased to 15 million, while further increases may be sanctioned by enactment. That the shares are in a foreign denomination is a peculiarity which Dr. Englis tells us is explainable by the fact that the monetary unit at home has not simultaneously been expressed in metal, but that nevertheless a proportion of metal treasure is to be secured at the time of subscription. It is assumed that the capital will be subscribed in the country, and only Czechoslovak subjects may take part in the general annual meeting, but none the less it is expected that foreign investors will also be interested in the subscription, and for this case the board of directors of the Bank are specifically empowered to co-opt a tenth member who need not be a Czechoslovak subject. The State will exercise its supervision over the Bank through a Government Commissioner who is entitled to take part in the meetings of all the organs of the Bank, and who has the right to veto a proposal which transfers the decision to a higher authority Arbitration is provided for in case of a dispute arising between the Bank and the State. The resolutions of the general meeting of the Bank need the approval of the Government. The State is to take a progressive share in the profits according to the amount of such profits, and the appropriation of the latter is regulated by law. Besides enjoying the privilege of a bank of issue, the Bank is to possess other valuable concessions, such as relief in respect of stamps and fees, in respect of liens, with regard to its books and records as evidence, and certain other matters.

The establishment of the Bank of Issue marks, as already said, a new epoch in the currency policy pursued by the Czechoslovak Republic, and Dr. Englis concludes his appraisal of it with a plea that the new period of currency stabilisation shall, in its turn, be accompanied by an indefatigable effort to attain internal economic and financial equilibrium.

THE STOCK EXCHANGE ANNUAL.

The Stock Exchange Official Intelligence for 1926. (London: Spottiswoode, Ballantyne & Co., Ltd. Price, 60s. net.)

This is the forty-fourth annual issue of a work which has been well described as a "wonderfully complete record of British, American, and Foreign securities," and the praise, undoubtedly merited by all previous issues, is still more true of the present one. It is, beyond all question, the most comprehensive of financial year-books, and is absolutely indispensable to those who are in quest of reliable information concerning British, Indian, Colonial, American, and Foreign securities. Published with the approval and sanction of the Committee of the Stock Exchange, its credentials are assured, and its accuracy placed above suspicion. The importance of an annual revision of its contents must be patent to every one following closely the trend of economic, financial, and industrial events, and if further testimony is needed to justify the present edition it will be found in the fact that it contains additional matter relating to 450 new Companies, and also of 52 British, Colonial, and Foreign loans (representing £154,269,000) which have been raised in London since the publication of the 1925 volume. In other respects, too, will its serviceability become apparent; it contains explanatory notes of the legislation affecting Electric Lighting and Power Companies, and, what is by no means easy to obtain, information concerning the operation of the new Trustee Act of this year. Among other things will be found an important article on Indian Finance, a summary of the Court's decisions during the year on points arising under the Companies Acts. Of course, all the foregoing information is subsidiary to the main purpose of the work which is to provide in a most accessible manner all that one can possibly want to know concerning groups of securities and a variety of industrial undertakings, in fact everything offered to the public. This information is, without exaggeration, never wrong, and concerns not only securities one hears of daily, but numbers of those which remain unknown to the body of investors even by name. Bankers, stock brokers, and financiers have long known the immense value of this publication, and if it is too much to expect the majority in the growing body of investors to embark upon an outlay of three pounds for such a mine of information, one need not hesitate to affirm that no public library or institution should be without it since it is the function of the *Stock Exchange Official Intelligence* to render the public a service of no mean importance.

SHORT NOTICES.

Workmen's Compensation in the United States. By Ralph H. Blanchard, Ph.D. Columbia University.—International Labour Office. (Geneva.—London: P. S. King & Son, Ltd. Price, 1s. 6d. net.) In this study, undertaken on behalf of the International Labour Office, Dr. Blanchard has traced the growth and partial acceptance of the principle of Workmen's Compensation in the United States of America. The gradual development of the principle is followed through the years elapsing between 1908 and 1920. Legislation would appear to have been most prolific in the years 1911 and in 1915, but, Dr. Blanchard goes on to point out, at no stage was the development of workmen's compensation confined to any one section of the country. The south-eastern States, however, have been the slowest to adopt the principle. In the earlier stages of the development of workmen's compensation there was considerable controversy over the acceptance of the general principle, but doubt has gradually disappeared, and it may be said now that it is accepted as an essential part of the fabric of social legislation in the United States. There still remains, however, extreme disagreement as to the manner in which the principle should be applied. Under the United States Constitution compensation laws applying to employees of the Federal Government, to employees engaged in certain maritime employments, and in interstate commerce, and to employees engaged in employments located in the District of Columbia may be enacted only by the Federal Congress. The present Federal law applies only to the first of these groups. The State Governments alone have power to enact laws applying to other classes of employment within their several borders. Under a general grant of legislative power to the Territories, they have power to pass workmen's compensation laws. This situation has resulted in a wide diversity of laws and has made the study of workmen's compensation in the United States a highly complicated matter. The fact that a State or Territory has a compensation law does not necessarily indicate that there is whole-hearted acceptance of the principle. As will appear from a study of Dr. Blanchard's work, a given law may be capable of narrow or broad application, it may represent a competent study of the problems involved, or it may be a piece of mere political expediency. It may be niggardly or liberal, and out of this wide diversity of provision for compensation few standards of legislation or of practice have emerged which may be said to be representative of the United States. As a study of experiments, therefore, Dr. Blanchard's volume is of no inconsiderable value.

PUBLICATIONS RECEIVED.

Economia: Rivista mensile di Politica Economica e di Scienze Sociali. January 1926. (Trieste: Via G. Mazzini, 15. Price, L.8; annual subscription, L.80.)

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 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	1923								
May 14	391.2	325.5	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
July 16	418.8	316.9	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
1921			Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
Jan. 14	244.2	245.9	May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Apr. 15	202.8	204.8	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
July 15	194.4	194.1	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 30	150.0		Oct. 19	166.0	158.1	1925			,, 19	147.9	
1922			Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 26	148.0	
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	Mar. 5	146.4	
May 19	162.1	160.6	1924			Mar. 13	172.8	166.3	,, 12	146.1	
July 14	165.1	160.3	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5	,, 19	146.8	
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	May 15	158.7	159.0	,, 26	145.2	
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4	June 19	160.6	157.6			

CHART ILLUSTRATING TABLE I.

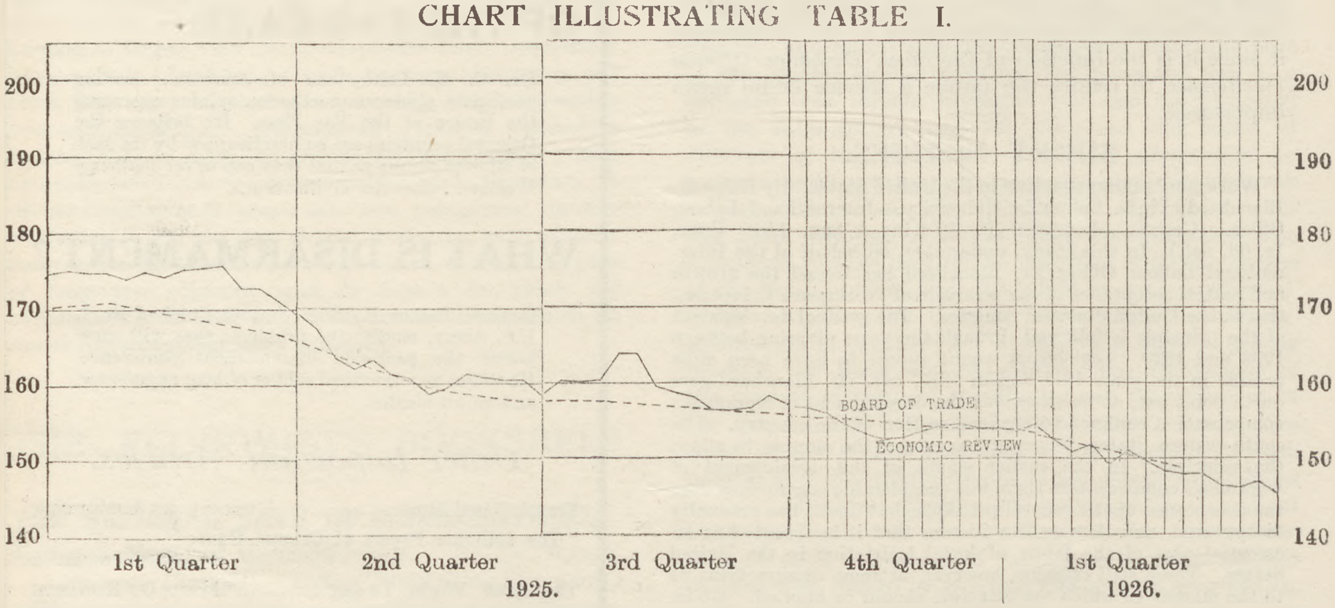


TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108 1	111.91	... Sept. 26
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
June 26 ...	77.8	147.9	63.2	147.4	114.7	115.6	84.1	121.7	98.2	85.9	105.65	... June 26
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
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
Mar. 19 ...	72.2	170.8	62.3	107.9	87.7	102.2	94.2	109.1	94.9	74.1	97.90	... Mar. 19
,, 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	... ,, 26

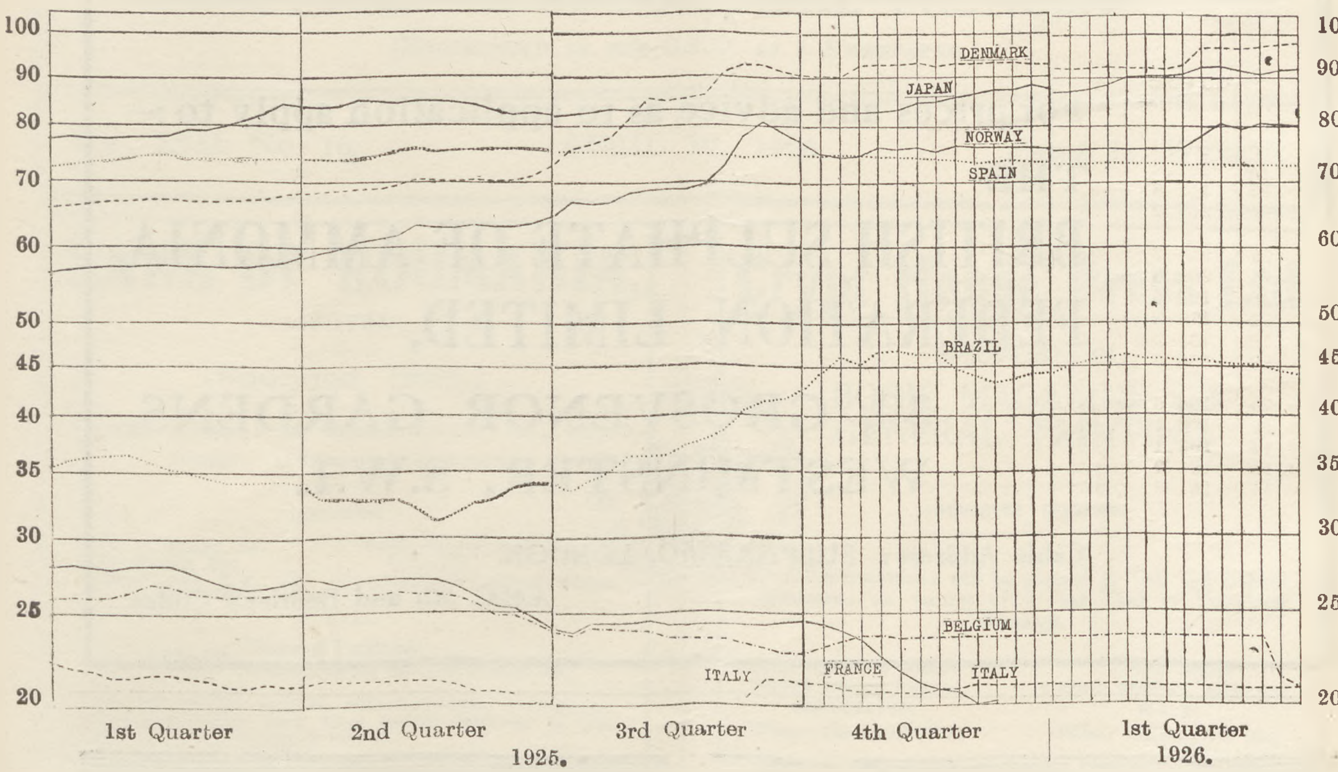
* Revised Quotation.

THE PAPER CURRENCIES.

(Percentage of Dollar Parity to Week ending March 27, 1926)

Week Ending	Denmark.	Japan.	Norway.	Spain.	Brazil.	Belgium.	Italy.	France.
Mar. 27 ...	97.9	92.0	80.0	72.9	44.3	20.8	20.8	18.1
„ 20 ...	97.7	91.6	80.3	73.1	44.6	21.4	20.8	18.5

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.	
Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7
1921, Jan. 1	89.9	89.0	116.3	88.6
Aug. 20	*80.3*	90.4	105.4	93.3
Oct. 29	91.1	92.0	*91.1*	94.4
1922, Jan. 1	100.0	100.0	100.0	100.0
May 13	114.6	102.4	114.9	**117.9**
Sept. 16	123.8	**107.6**	115.2	112.5
Oct. 7	123.9	106.1	113.3	*111.7*
1923, Jan. 1	121.7	102.5	119.5	113.3
Mar. 17	**129.2**	98.5	129.3	117.0
„ 24	127.3	*97.8*	129.0	118.1
Apr. 28	124.1	99.3	**137.9**	122.8
June 9	119.7	100.8	130.6	**123.5**
Oct. 27	*105.7*	99.7	126.5	119.7
1924, Jan. 1	117.4	98.4	121.3	114.5
„ 19	119.1	100.1	119.1	*112.2*
June 21	115.3	103.3	*118.2*	118.0
Nov. 8	130.1	103.7	133.7	**120.4**

In New York.			In London.	
Week ending.	Industrials.	Bonds.*	Industrials.	ilt edged.
1925, Jan. 3	150.7	101.6	133.8	117.5
„ 17	151.8	101.9	**137.8**	117.5
June 6	158.2	**105.3**	128.0	115.3
„ 27	160.0	104.7	123.7	*113.0*
July 18	165.9	103.2	*120.4*	115.5
Aug. 1	165.8	*101.5*	122.2	115.7
„ 22	176.2	102.5	126.3	**117.3**
Nov. 7	195.4	102.7	134.1	114.7
Dec. 19	188.9	103.3	130.6	112.8
1926, Jan. 2	195.5	103.6	133.3	113.0
„ 9	196.1	103.6	135.1	113.1
Feb. 13	**199.9**	104.9	132.0	114.8
„ 20	198.4	105.9	129.8	114.6
Mar. 6	184.8	104.7	129.1	114.0
„ 20	178.5	105.1	126.6	113.6
„ 27	171.4	105.1	127.4	113.6

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

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