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April 23, 1926

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SPECIAL ARTICLES

GERMAN BUSINESS AND FINANCE UNDER THE DAWES PLAN.

By BENJAMIN M. ANDERSON, Jr., Ph.D.,

Economist of the Chase National Bank of the City of
New York.

(Continued.)

In connection with the question whether municipal loans floated in foreign countries were a benefit to German economic life, this question of the extent to which the different departments of the money market were insulated became very important. As in favour of these loans, it was urged that new capital coming into Germany would necessarily relax pressure on German money everywhere. This view would naturally commend itself to men used to dealing with money market problems in London and New York. But the answer made by German critics of foreign-placed municipal loans was that such funds did not work over into the domestic capital market at all, that they were not in lieu of loans that would have been placed in Germany, that had they not been placed the municipalities would simply not have had the additional funds, and that no part of them contributed, therefore, to greater ease for other German borrowers.

Some bankers outside of Germany considered the project of lending to the German Bourse on Stock Exchange collateral, feeling that this would be a safe way of putting additional capital into Germany which would relax the strain for German industry, and at the same time avoid the risk of lending directly to particular German industries. Others, however, laying stress on this lack of intercommunication among the different departments of the German money market, felt that the only effect of such loans would be to facilitate German Stock Exchange speculation without in any way relieving the pressure on German funds generally.

The opinion was expressed late in 1925 by certain German bankers that Germany already had more short-term funds from foreign banks than she could safely make use of, that Germany already had an adequate supply of funds for quick turnover, and that it was unsafe to use more foreign funds lent on short time for advances to customers for carrying on production. Everywhere the opinion was expressed that the great need for foreign capital in Germany was for working capital in the industries, lent directly to the industries in co-operation with German banks, and lent in long-term, funded, form.

There seemed to be agreement, also, that the purchase of old, existing securities by foreigners would lead to new capital coming into German industry, since it would put new funds without strings tied to them into the hands of German investors or German banks, and they would know how to reinvest these funds in profitable German industries.

One potential source of new capital for Germany is to be found in the possibility that the Agent General for Reparation Payments will, under his discretionary powers, reinvest substantial parts of the funds paid to him under the Dawes Plan in German domestic securities. There is nothing in the published statements of the Agent General for Reparation Payments to indicate

what his policy will be in this particular. It would seem reasonable that while the working capital of German industries is so desperately short, and while interest rates for working capital remain very high, he would conceive it to be in the interest both of Germany and of the countries that are to receive reparations from Germany to make substantial investments of this kind. On the other hand, there is no assurance that he will feel obliged to do so if German industry is being recapitalised from other sources.

Undoubtedly, German industry is being recapitalised in part from other sources, and in recent months an increasing proportion of foreign loans has been made to German industry rather than to States and municipalities. A good deal of study has been given to the problem of outside investment in German corporate shares, though difficulties here appear in the reluctance of German industry to permit outside participation in German management, and in the system of multiple voting of corporate shares in Germany which makes foreigners uncertain as to the extent to which a given amount of stock might give them effective voting power.

There has been a substantial growth in savings deposits in Germany. The total last September was less than 8 per cent. of the savings deposits before the war, but this, apparently, represented almost entirely the savings of a single year. It is reasonably to be expected that the future growth of savings bank deposits in Germany will make very substantial and important additions to the capital supply. In addition, the easing off in the money market which followed the crest of the crisis has made possible the flotation of some new securities in Germany itself. The Prussian State Bank has recently issued in Germany a substantial block of ten-year bonds, and the Staatsbank of Thuringen has also placed an issue successfully. By March 22 the total issues placed in the domestic money market since the first of the year had exceeded 150,000,000 Reichsmarks, and further substantial issues were in process of negotiation.

In every industry, moreover, there is reason to believe that a substantial volume of profits is being put back into business, and that industries are being recapitalised out of profits. This process will doubtless continue.

THE BALANCE OF TRADE IN GERMANY.

The figures for German trade since stabilisation have shown until the last three or four months a very great adverse balance, and there has been a great deal of apprehension—and of misapprehension—expressed regarding the matter. The Dawes Plan can be successful only provided a favourable balance of trade is created. How, then, can the Dawes Plan be said to be successful if Germany has imported vastly more than she has exported? The answer is easy to give, and lies on the surface. The early period of the Dawes Plan necessarily created a set of circumstances which made a favourable balance of trade temporarily quite impossible.

1. Germany has received a great volume of foreign loans to set her going again.

2. There has been a great repatriation of German funds which had been sent out of the country during the period when the mark was shrinking and

returned when stabilisation was accomplished, and it was safe to put them in mark form again.

3. A substantial part of the German exports, namely, payments of reparations in kind, has not been entered in the export figures of Germany, and if they were included the totals would be much higher.

4. German expenditures for the maintenance of the armies of occupation are, for the purpose in hand, to be added to the exports in kind under reparations. They constitute payment by Germany in lieu of exports.

5. The only important transfers of reparations so far made under the Plan have been in kind, and not in funds.

Goods follow purchasing power. The period since the inauguration of the Dawes Plan has been a period during which credit has flowed from the outside world to Germany, not from Germany to the outside world. When the tide turns, when foreign loans to Germany cease or are reduced, and when the Agent General for Reparation Payments begins making substantial transfers of funds from Germany to other countries, the tide of goods will change, and Germany will develop an export surplus.*

It was inevitable that with so large a volume of foreign loans to Germany an adverse trade balance would develop. Part of the proceeds of the loans were taken in gold, but most of them were taken in goods. To the extent that the loans were made to industries engaged in the export trade, there would have been an early back-flow of goods resulting from them. To the extent that the loans were made to facilitate carrying on long-time municipal construction, the most natural use to be made of them was the purchase of consumption goods in foreign countries to be used by workmen who were engaged in municipal construction. Such loans, moreover, tended to divert German industry from production for immediate export to long-time production for home consumption. They made it possible for Germany to engage in activities which could not have been engaged in had they not been made. Whether loans were made to business or to municipalities, the first effect in either case would have been an inflow of goods into Germany, and an adverse balance of trade.

The adverse trade balance for the year 1925 stands at 3,630 million marks. Estimates of the volume of foreign loans made during the same period stand at 1,320 million marks. The discrepancy is very great, and the whole of the adverse balance is not to be explained by foreign loans. Another very substantial part of the explanation lies in the repatriation of German funds held abroad, and in the payments in kind and expenditures in Germany on reparations account. It is also clear that there has been a good deal of investment of foreign funds in Germany which is not included in the above total,—funds privately placed, often in relatively small amounts indi-

* In earlier numbers of the *Chase Economic Bulletin* this matter has been analysed at length. See Vol. I., No. 4, and Vol. IV., No. 1.

The Czechoslovak Market

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vidually, but none the less great in the aggregate.

Germany has not paid for goods at the expense of the gold or foreign exchange reserve of the Reichsbank during 1925. On the contrary, the Reichsbank increased its holdings during this year by the following amounts: gold, 448,465,000 marks; foreign exchange reserve, 149,332,000 marks.

In any case, it is to be noted that following the crisis of 1925 there has been a reversal in the trade balance. Figures for 1925 by months, and the first two months of 1926 follow:—

German Foreign Trade (in millions of gold marks).

	Imports of merchandise.	Exports of merchandise.	Excess of imports.	Gold and silver (coins and bullion) imports.	Gold and silver exports.
1925—					
Jan. ...	1,273.5	696.0	577.5	89.6	1.8
Feb. ...	1,067.9	630.2	437.7	52.8	1.5
March...	1,026.7	708.4	318.3	73.7	3.1
April ...	1,005.0	670.8	334.2	74.0	2.3
May ...	992.0	728.8	263.2	90.4	4.2
June ...	1,000.7	686.6	314.1	62.6	2.0
July ...	1,150.7	743.9	406.8	25.8	3.7
Aug. ...	1,176.9	725.6	451.3	125.0	2.9
Sept. ...	1,052.3	777.7	274.6	34.6	3.6
Oct. ...	1,072.9	845.4	227.5	44.7	4.9
Nov. ...	855.5	791.1	64.4	37.8	5.2
Dec. ...	757.6	793.9	36.3*	7.1	4.4

Year 1925	12,428.2	8,798.4	3,629.7	718.1	39.6
1926—					
Jan. ...	707.5	795.0	87.5*	26.08	6.85
Feb. ...	661.7	782.9	121.2*	59.42	4.98

* Excess of exports.

The latest figures show a favourable balance of trade. It is too soon to conclude, however, that this change is permanent. If there continues a large flow of foreign loans to Germany the next trade revival may show a new adverse balance, and the adverse balance may even continue until Germany is effectively recapitalised, and until interest rates in Germany come into line with interest rates in foreign countries. Such a process is entirely consistent with the payment of reparations, and the transfer of funds by the Agent for Reparation Payments to the governments of creditor countries. What it would mean would be that for a time Germany, instead of sending out a surplus of goods, is using the goods at home in developing her industries and her productive efficiency, and using borrowed money to pay reparations with. Nor need the world have much concern about a process of this sort so long as it goes on under commercial motives, and is guided by sound bankers.

THE GERMAN BUDGET.

Reference has been made in a preceding section to the unexpectedly large yields of German taxation following the inauguration of the Dawes Plan. The following table shows the extent to which the original estimates were exceeded in the first year:—

*Actual Revenues and Budget Estimates (in millions of Reichsmarks).**

	Financial year ended March 31, 1925.	Budget estimates.	Actual receipts.	Surplus (+) or deficit (—).
Income tax—				
(a) On wages ...			1,331.6	
(b) On income from capital			19.2	
(c) On other forms of income ...			862.5	
Total for income tax ...	1,344.0	2,213.3	+ 869.3	
Corporation tax ...	144.0	313.9	+ 169.9	
Tax on real and personal property ...	376.0	498.9	+ 122.9	
Turnover tax—				
(a) Ordinary ...	1,260.0	1,798.5	+ 538.5	
(b) Extraordinary (luxury)	180.0	119.3	— 60.7	
Tax on Bourse transactions	150.0	112.8	— 37.2	
Transport tax ...	230.0	312.6	+ 82.6	
Customs ...	160.0	356.6	+ 196.6	
Tobacco tax ...	360.0	513.7	+ 153.7	
Beer tax ...	126.0	196.5	+ 70.5	
Sugar tax ...	231.0	219.1	— 11.9	
Spirits monopoly ...	140.0	141.4	+ 1.4	
Other taxes ...	424.0	316.3	— 107.7	
Total ...	5,125.0	7,112.9	+ 1,987.9	

* Report of the Agent General for Reparation Payments, November 30, 1925, p. 33.

The surpluses resulting from this great unexpected increase in revenues were, of course, nothing like so great as the excess of the revenues over the original estimates, because expenditures also increased greatly over the original estimates. The details are covered in Mr. Gilbert's report of November 30, 1925, pp. 32 to 42. One of the greatest drains upon the Budget of the Reich, and one to which Mr. Gilbert calls particular attention, is the payments by the Reich to the States and communes on account of their share in various taxes collected by the Reich. This amounted during the year to an aggregate of 2,767,200,000 Reichsmarks as compared with the original Budget estimates of 1,861,600,000 Reichsmarks, an excess of 905,600,000 over the original estimates, or an increase of nearly 50 per cent. In addition, the Ordinary and Extraordinary Budgets of the Reich carried estimates of 306,200,000 Reichsmarks for subsidies to the States for various objects such as police and social assistance.*

Mr. Gilbert states that it is very necessary that the tendency to increasing public expenditure be checked and, in particular, that there be a readjustment in the relations between the Reich and the States and the communes. With reference to this same point, Mr. Fuerstenberg, Director of the Handels-Gesellschaft in Berlin, says: "The financial reform undertaken in 1919 by the late Herr Erzberger had an unfavourable effect upon German finances. Herr Erzberger put through a drastic centralisation of taxation. The Republic was largely made responsible for the local finances. While this centralisation idea was in itself reasonable, it caused a lamentable weakening of the sense of responsibility (in regard to spending money) in many of the formerly independent local financial corporations. The centralisation process cannot now be undone. The only remedy is for us to supervise more closely the expenditure of our local administrations, in particular of our municipalities."† Leading German statesmen are making a strong stand for economy, and it seems probable that forces now under way will lead to the necessary changes in policy.

Mr. Gilbert indicates that while final figures are not yet available, there is every reason to suppose that the German Budget is safely balanced for the fiscal year 1925-26.

CONDITIONS OF LIFE IN GERMANY.

That conditions of life in Germany have improved very much since the inauguration of the Dawes Plan seems indubitably clear. It is the testimony of labouring men with whom the writer has talked in Hamburg, Berlin and Frankfurt. The following figures are significant in connection with the matter:—

Average Weekly Wages in Twelve Industries (in gold marks per week).‡

	Skilled.	Unskilled.
January 1924	28.45	23.18
December 1924	38.44	28.61
January 1925	42.93	31.71
December 1925	45.98	33.92

The average member's weekly purchases in the German co-operative societies have shown a marked rise as compared with 1924, even though remaining considerably below the level of 1913.§ The receipt of tax revenues from beer, sugar, and tobacco in November 1925 were from 25 per cent. to 40 per cent. higher than a year earlier, again giving evidence of increased purchasing power on the part of the German people.

THE TROUGH OF THE DEPRESSION.

In the middle of March, there is good reason to believe that the trough of the depression was reached in the

latter part of February. The following figures of unemployment are significant:—

	1926.
January 1	1,485,931
January 15	1,762,305
February 1	2,031,000
February 15	2,058,392
March 1	2,056,807

The improvement in the figures for March 1 is trifling, little more than 2,000, but that there should have been any improvement at all is gratifying.

Somewhat later figures are available for commodity prices in Germany. These suggest that the general liquidation of commodities may have been completed, and that the average of commodity prices may have reached bottom. The figures follow:—

Wholesale Prices in Germany (pre-war 100).

December 1924 ... 131	December 1925 ... 122
August 1925 ... 132	January 1926 ... 120
September 1925 ... 126	February 1926 ... 118
October 1925 ... 124	March 14, 1926* ... 117.6
November 1925 ... 121	March 17, 1926 ... 117.8

Retail prices have been reduced by 5 per cent. since October. Cabled information under date of March 22 is to the effect that merchandise inventories are unusually low in view of the extensive liquidation of stocks which has already taken place.

Opinions cabled from Germany show a more confident tone, and the view is expressed by well-informed students on the other side that, with the coming of spring, a good many activities which have experienced the normal reaction of the winter season will quicken. Emergency measures taken by the German Government designed to relieve unemployment have included, according to recent information, a credit of 100,000,000 marks to the railways for improvement of way and equipment, and the underwriting (in conjunction with the banks and the States) of some 400,000,000 marks of credit which the industrialists are to extend to Russia in connection with export shipments. Whether or not depression has reached bottom, the crisis is clearly over, and the general credit and industrial fabric is intact.

THE RECORD OF ACHIEVEMENT.

The record of achievement in Germany since the inauguration of the Dawes Plan is an impressive one. (1) Currency stabilisation has been achieved. The Reichsbank is in a strong position. It has adequate reserves of gold and foreign exchange. It has a liquid portfolio. The German people and the outside world now trust the mark. (2) The Budget has been balanced and a fiscal surplus has been created. (3) There has been a scrupulous and exact performance of all of Germany's obligations to make reparation payments to date. The reports of the Agent General for Reparation Payments are very explicit on this point.† (4) The German railways under the new administration are on a financially sound basis and are making profits. (5) The standard of life and conditions of living among the German people have been very markedly improved. (6) Germany has had a strong industrial revival. This culminated, to be sure, in the crisis of 1925 due to the various circumstances enumerated in our section on the causes of the crisis, but the crisis itself has corrected many of the abnormalities which produced it. (7) Germany has gone through the crisis in orderly, disciplined fashion, and apparently has, in March 1926, already reached the bottom of the depression which inevitably follows a crisis. In the worst of this depression conditions are immeasurably better than they were in the pre-Dawes Plan period, while under the surface there are many restorative forces at work which promise another, more soundly based, upward move.

* This and the following figure are taken from the *New York Times* of March 22. The date, March 14, may represent an error in cable transmission.

† See the interesting discussion by Mr. Gilbert in the earlier pages of his report of November 30, 1925.

* *Ibid.*, p. 35.

† *The Economic World*, January 30, 1926, p. 149.

‡ *The Economist* (London), February 13, 1926, p. 312. *The Economist* adds: "In view of the relative stability of, and of the late decline in, the cost of living, the big rises in nominal wages shown above indicate a considerable increase in comfort."

§ *Report of the Agent General for Reparation Payments*, November 30, 1925, pp. 92, 93.

THE PROMISE OF PERU.

The Republic of Peru ranks third among the countries of South America in respect of area with about 667,000 square miles and fourth as regards population with over 6,000,000 inhabitants, Brazil and the Argentine claiming first and second places in regard to both area and population and Colombia third place as regards population. It is the largest cotton and sugar exporting country of South America, with over \$100,000,000 invested in cotton plantations and over \$50,000,000 in sugar estates, and a further \$10,000,000 in rice plantations.

The Coastal zone (1,970,000 inhabitants) is very rich in oilfields distributed over the northern area, Peru being the second largest oil producing country in South America, thus occupying a prominent position with regard to the oil output of the world. Another source of natural wealth in this region lies in the Guano Islands, whose famous deposits of phosphates yielded 122,565 Spanish tons of 920 kilogrammes each in the financial year 1924-25, while the value of the guano extracted in 1924 reached a total of \$1,480,324. The Coastal zone, though close to the Equator, is not tropical, as a result of the cooling effects of the Humboldt Current. It has an approximate area of 150,000 square miles, for the most part rainless and destitute of vegetation, save for those valleys irrigated by small streams which are extensively cultivated with sugar cane, cotton, rice, cocoa, coffee, tobacco, vineyards, fruit and olives. It is bordered on the east by the Andes, which traverse the whole length of the country parallel to the Pacific coast.

The second great natural zone, the Sierra or Andine region, lies on the eastern slopes of the Andes and contains very good pasture lands for stock raising, this industry being one of the country's main sources of wealth, for besides producing ample supplies of meat for home consumption, the annual exports of alpaca and sheep's wool amount to several millions of dollars (in 1924 to \$3,875,000). This region also produces wheat, corn, beans, cereals, potatoes, vegetables and fruits. In the barren mountain section of this zone, moreover, is located one of the richest mineral districts of South America, copper, vanadium, gold, silver, tungsten, molybdenite, lead, quicksilver, zinc, borax, salt, graphite, magnesite and sulphite being found in plenty, besides extensive coal beds. Peru is the only country in the world producing vanadium, which is largely used in the automobile and locomotive industries. American capital invested in the mining industry is estimated at over \$40,000,000. This second zone and the third together number 3,689,000 inhabitants.

The third great natural zone, the Punas or higher tablelands, consists of the mountainous plateaux below the line of perpetual snow. Here, at altitudes varying from 12,000 to 13,000 feet, are the best sheep and alpaca farms, these uplands containing extensive pastures with large herds of cattle, oxen, sheep, llamas, alpacas and vicuñas.

The fourth great natural zone, the Montaña or river and forest region (349,000 inhabitants), towards the borders of Brazil, consists of tropical lowlands, dense jungle over an area of approximately 287,000 square miles. Its principal commercial product is wild rubber; but although rubber was one of the main exports of Peru before the great war, the industry has declined in recent years. This region also produces tobacco, coffee, cocoa, sugar cane, salt, quinine, cocaine and tropical fruits.

Apart from agriculture, national industry has also made great strides in recent years. There are now a large number of sugar, flour, cotton and woollen mills in the country; tanneries, shoe factories, cement plants, glassworks, paper mills and match factories; and candy, cracker and chocolate factories. The cocaine and chemical industries are also well established.

In the matter of transport for the service of trade Peru has 3,348 kilometres of standard and narrow gauge

railways, or one kilometre for every 1,800 inhabitants as compared with one for every 260 inhabitants in the Argentine and the United States. Of this railroad mileage 2,390 kilometres are owned by the Government, but operated by a British company, the Peruvian Corporation Ltd. The Central and Southern Railways are foremost among the railroads of the world in respect both of the altitude attained and of the difficulties surmounted in their construction. The former is the only standard gauge line in the world which attains an altitude of 15,806 feet, to reach which over a distance of 172 kilometres from the Port of Callao the train takes some nine and a half hours, or an average rise of 27 feet per minute, having to cross 41 bridges, pass through 61 tunnels and negotiate 13 zigzags. Its total length is 416 kilometres, while that of the Southern Railway is 861 kilometres. The net income of the lines worked by the Peruvian Corporation Ltd. during the past ten years was as follows:—

1914-15 ...	£241,526	1919-20 ...	£451,113
1915-16 ...	370,361	1920-21 ...	418,040
1916-17 ...	400,212	1921-22 ...	444,562
1917-18 ...	483,263	1922-23 ...	417,970
1918-19 ...	413,671	1923-24 ...	529,997

RECORD OF FOREIGN TRADE.

Señor D. A. C. del Rio, from whose survey of the economic conditions in Peru published in the *West Coast Leader* the main facts and statistics in this article are borrowed, reviews at some length the record of foreign trade of the Republic for the past ten years. With the one exception of 1921, he says, the foreign trade of Peru for the last twenty years has always shown a favourable balance. The principal exports are raw cotton, sugar, gold, silver, copper, gasoline, naphtha, crude petroleum and wool. The following tabulated statement shows the total imports and exports for the last ten years (in thousands of dollars):—

	Imports.	Exports.	Difference.
1915 ...	13,094	48,737	+ 35,643
1916 ...	39,812	75,841	+ 36,029
1917 ...	67,379	93,031	+ 25,652
1918 ...	51,146	105,256	+ 54,110
1919 ...	60,043	132,345	+ 72,302
1920 ...	88,707	170,590	+ 81,883
1921 ...	62,693	62,660	— 33
1922 ...	40,734	71,883	+ 31,149
1923 ...	55,664	99,673	+ 44,009
1924 ...	72,117	100,457	+ 28,340
1925* ...	53,193	61,922	+ 8,729

* For the first nine months only.

Owing to unusually heavy rains in the early part of the year which caused damage to the sugar cane and cotton plantations estimated at over \$40,000,000, and also to the low prices at which these two commodities have been quoted in foreign markets, the trade balance for

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1925 is not expected to prove as satisfactory as in previous years.

On the import side the principal articles are cotton and woollen goods, metal work, machinery, foodstuffs (wheat, lard and rice), lumber and timber, oils, varnishes, paper, iron pipes, jute and hemp goods, and drugs. The chief supplier is the United States, which in 1924 exported to Peru 40 per cent. of the total imports of the country. England came second with 18.6 per cent., Germany third with 10 per cent., Chile fourth and Italy fifth.

The following table will afford sufficient indication of the growth of the trade in the principal articles of export from 1913 to 1924 (in thousands of dollars):—

	1913.	1924.	Difference.
Raw cotton	4,905	25,834	+ 20,929
Sugar	6,875	19,878	+ 13,003
Gold, silver and copper ores, concentrates, matte and bars	3,836	18,826	+ 14,990
Gasoline, naphtha and other light products	2,814	11,644	+ 8,830
Crude petroleum	1,615	10,554	+ 8,939
Raw wool	2,515	3,875	+ 1,360
Cottonseed oil	16	1,794	+ 1,778
Bars containing silver and gold	7,518	1,652	— 5,866
Fuel oil	—	949	+ 949
Kerosene	1	932	+ 931
Hides and skins	943	842	— 101
Cottonseed	283	771	+ 488
Vanadium	—	615	+ 615
Cottonseed meal	170	525	+ 355
Other goods	12,979	1,066	— 11,913
	44,470	99,757	+ 55,287

From the above it will be observed that the exports have more than doubled in the past twelve years. The best customer of Peru in 1924 was Great Britain as purchaser of 37.6 per cent. of the total exports of the country. The United States came second with 33.4 per cent., Chile third with 9.4 per cent. and the Argentine fourth with 7 per cent. During the first nine months of 1925 England took 35.7 per cent. of Peruvian exports, the United States 32.7 per cent., Chile 7.8 per cent. and the Argentine 7.7 per cent.

FINANCIAL CONDITIONS.

Peru is in the fortunate position of having a comparatively small Public Debt. This amounted on June 30, 1925, to £14,334,645 (Peruvian) or, at the arbitrary rate of exchange of \$4 to the Peruvian £, to \$57,378,580, which is equivalent to \$9.60 per head of the population. Of this total the External Debt amounted to £7,020,000 or \$28,080,000. The following tabular statement shows the growth of the Public Debt in the last five years (in Peruvian £, the figures, except for 1925, being approximate):—

1920, June 30 ...	4,941,000	1923, June 30 ...	11,679,000
1921 " ...	5,486,000	1924 " ...	12,218,000
1922 " ...	10,601,000	1925 " ...	14,335,000

The increase is mainly due to extensive railway and highway construction, to the acquisition of the Huacho Railroad, to paving and sanitation works, irrigation projects and construction of public buildings. The progress made by Lima and the other principal towns has been remarkable: new sewer and water supply systems have been carried out, several miles of streets have been asphalted and miles of good concrete roadway laid, and hundreds of kilometres of highways linking up the most remote parts of the interior of the country with the civilised centres of population have been built, while many modern public buildings have been erected.

The unit of currency, the Peruvian £, has the exact intrinsic value of the £ sterling. Prior to 1914 there was no note issue, the circulation consisting of gold and silver coinage, but in that year the local banks were authorised to emit notes to the value of £2,500,000 covered by gold and securities. This amount was subsequently increased by stages up to £7,221,000. In 1922 the Banco de Reserva del Peru, a semi-official institution, was established with an authorised capital of £2,000,000, £716,890 of which has been subscribed by the Lima banks and the public and £368,445 paid up. The Bank has the sole right of note issue on a 50

per cent. gold reserve and a 50 per cent. reserve in securities. It is controlled by the local banks, the Government having the right of appointment of three of the ten directors who constitute the Board. Upon its establishment the Junta de Vigilancia, which then controlled the issue of fiduciary currency (*cheques circulares*), turned over to the Bank the gold reserves and securities serving as cover for the paper circulation, and the latter is gradually substituting its notes for the outstanding *cheques circulares*. The bank-notes issued by the Banco de Reserva are not, for the time being, convertible into gold on demand, in spite of their being guaranteed by a gold reserve of 78.24 per cent. (November 30, 1925). This inconvertibility, combined with the Government prohibition to export gold and the decrease in value of the export trade, is mainly responsible for the somewhat low rate of exchange at which the Peruvian £ is at present quoted, viz. \$3.95 as against parity \$4.866. On November 30, 1925, the *cheques circulares* in circulation represented a sum of £2,307,940 and the Banco de Reserva notes one of £3,898,615, bringing the total paper currency up to £6,206,555. As against this there was a gold reserve of £4,855,776 and a reserve of securities of £2,170,058, making a total of £7,025,834, the percentage of gold being 78½. The specie in circulation on December 31, 1924, included £720,942 in silver and £510,000 in nickel—total, £1,230,942.

Since the reorganisation of the Budget in 1922 the Government finances have shown great improvement, resulting in 1923 in a surplus of £248,000 and in 1924 in one of £632,000, the latter moreover having been realised under somewhat unfavourable economic conditions due to the low prices fetched by Peruvian sugar and cotton abroad. The following table shows the revenue and expenditure for the last ten years (in thousands of £):—

	Revenue.	Expenditure.	Deficit.	Surplus.
1915	3,165	3,244	79	—
1916	4,024	3,555	—	469
1917	4,677	4,763	86	—
1918	5,361	5,381	20	—
1919	6,606	6,562	—	44
1920	8,848	8,817	—	31
1921	8,192	8,576	384	—
1922	8,839	8,778	—	61
1923	7,584	7,336	—	248
1924	9,214	8,582	—	632

The principal sources of revenue in 1924 were Customs duties, £4,145,000; tobacco, £986,000; Internal taxation (sugar, transfer of property, liquors, succession duty and matches), £568,000; direct taxation, £538,000; alcohol, £517,000; consular fees, £505,000; guano, £370,000; salt, £350,000; stamps, £185,000; Posts and telegraphs, £161,000; and Railways, £122,000.

Peru, says Señor del Rio in his concluding remarks, is the country of the future. The great achievements of President Leguia during his administration, show how much can be accomplished in a country possessed of such wonderful natural resources. Its vast untouched ore deposits and oilfields, as well as the huge irrigation projects undertaken by the Government, and the hundreds of thousands of square miles of unexplored forests, will certainly make Peru one of the leading countries of the Western Hemisphere.

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ECONOMIC SURVEY

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

CZECHOSLOVAKIA

POLITICAL AND GENERAL

The New Ministry.—The Svehla Ministry resigned on March 17 after gaining a large majority in the Chamber of Deputies on the vote of censure moved by the German parties in connection with the regulations for the execution of the Language Law of 1920. The resignation of the Premier, states the *Prager Presse*, was in no way due to political causes. M. Svehla has for some time past been suffering in health, and his serious condition made the proposed journey to the South very advisable. His temporary retirement led, however, to the disintegration of the Government Coalition and majority, so that the construction of a new Ministry became necessary. The new Cabinet is composed as follows:—

Prime Minister and Minister of the Interior ...	M. Jan Cerny.
Minister of Foreign Affairs ...	Dr. Benesh.
Minister of Finance ...	Dr. English.
Minister of Public Instruction...	Professor Dr. Krehmarh.
Minister of Agriculture...	Dr. Jurai Slavik.
Minister of Public Works ...	M. Roubik.
Minister of War ...	General Syrový.
Minister of Justice ...	Dr. Hansmann.
Minister of Social Welfare and Public Health ...	Dr. Schiessl.
Minister of Railways ...	Ministerial Councillor Dr. Riba.
Minister of Post and Telegraphs ...	Dr. Fatka.
Minister for Slovakia ...	Dr. Kallay.
Minister of Commerce ...	Dr. Perontka.

The new Premier is forty-nine years of age, and has previously occupied this high position, viz. from September 16, 1920, to September 25, 1922, during which period he also held the portfolio of the Ministry of the Interior. The Cerny Ministry is a non-Parliamentary one, being composed largely of experts and expert civil servants. The retention of Dr. Benesh in the Ministry of Foreign Affairs and of Dr. English in the Ministry of Finance has given general satisfaction and is a recognition of the successful work of these two Ministers.

FINANCE

Transference of the Bank Commission's Activities to the New Bank of Czechoslovakia.—The final meeting of the Bank Commission of the Ministry of Finance was held on March 26. The report states that the current situation on the money market was somewhat tranquil and that demands for credit were not numerous. Several foreign loans have, however, been contracted by industrial concerns. The exchange has remained stable, and the fiduciary circulation, as at the end of the third week of March, attained a record low level of C.Kr.6,468 mill. State bonds to the amount of C.Kr.40 mill. have been redeemed out of the proceeds of the capital levy, while there has been a notable increase in the reserves of foreign bills and currency.

On March 20 last the new National Bank of Czechoslovakia (Narodni Banka Czechoslowenska), which is taking over the activities hitherto carried on by the Bank Commission, held its first general meeting, at which Dr. English, Minister of Finance, emphasised the stable and healthy condition of the Czechoslovak currency and urged the necessity of further thrift and economy on the part of all classes of society. Dr. Pospischil, the newly-appointed Chairman of the National Bank, referred to the progress that had been made during the past three years in national finances and in foreign trade, the latter showing a surplus of C.Kr.4,751 mill. From the end of 1923 unemployment figures had dropped from 190,000 to 12,000 in 1925. He also mentioned that deposits in the various banking institutions had risen from C.Kr.10,000 mill. at the end of 1918 to C.Kr.48,000 mill. in 1925.

As from the date of the beginning of the activity of the National Bank the Czechoslovak currency is legally stabilised within the limits of \$2.90 to \$3.03 per C.Kr.100. The Board of the National Bank consists of six members elected for a term of six years, while the Audit Committee, consisting of five members, is elected for five years. Directors of the Bank must hold twenty and members of the Audit Committee at least ten shares; they may not be directors or members of the staff of any other bank or members of Parliament. (*Gazette de Prague and Prager Presse*.)

State Loans in Czechoslovakia.—One of the most characteristic symptoms of economic and financial progress in Czechoslovakia is the consistent upward tendency in the price of the State loans. Since June last, when these securities reached a lower level than they had touched even in the period of inflation and depreciation of the currency, they have displayed a systematic and uninterrupted improvement.

The disfavour with which they had hitherto been regarded by the public seems to have vanished definitively. This disfavour, manifested particularly by the small investors, was due to a variety of reasons, the main one being the loss suffered in nominal value by all fixed-interest-bearing securities on the depreciation of the currency. Holders of these securities were at a great disadvantage compared with holders of dividend securities, for the latter moved up in price as the currency depreciated and maintained more or less the level of their pre-war value. These considerations resulted, at the period of currency inflation, in a "flight" on the part of investors from investment stock to dividend-paying shares, and thus all the former were reduced to a price level far below what their actual returns warranted.

It was not until the autumn of 1923 that the first inroad was made upon the distaste displayed by the investing public to fixed-interest-bearing stock and especially State loans. At that time there was a surplus of money on the market and the purchasing power of the krone at home as well as its exchange value had entered upon its course of definite stabilisation. It was thought that through the stabilisation of the currency State loans would become real gilt-edged securities, that their nominal value would be safe from fluctuations. New buyers came on the scene and the prices of investment stock began to rise sharply. The movement, however, did not prove a permanent one. The liquidity of the money market at that time was not so much the result of a favourable economic and financial development as it was a chance phenomenon evoked by accumulation in Czechoslovakia of speculative capital emanating from the neighbouring States. The catastrophic collapse of the currencies in those States had caused an exodus of capital to Czechoslovakia (whose currency remained firm) in the hope of saving such capital from depreciation. As soon, however, as currency depreciation in those countries ceased, the capital which had flowed into Czechoslovakia returned, and the liquidity of the Czechoslovak money market was converted into stringency. The prices of the State loans again declined and continued to do so until June of last year. Among the reasons for this decline may be mentioned the fact that the official bank rate had had to be raised in order to prevent an exodus of capital to the surrounding countries where unusually high rates of interest prevailed; that a technical deflation was taking place by the withdrawal of bank-notes from circulation in the form of capital levy payments; that the banks, requiring ready funds, flooded the market with Treasury bills; and finally there was the multiplication of the Fourth State Loan stock. Holders of old Austrian war loans, who had been given the opportunity to convert their original

stock into Fourth State loan, had held out for better terms; but no prospect of these being forthcoming, and the last day for conversion having been fixed, there was a rush to subscribe to this loan, with the natural result that the market was surfeited.

The improvement which set in last June would appear to be a definitive one. The Act of Parliament establishing a Bank of Issue was the final step in the stabilisation of currency by law. Increased industrial output resulted in a more rapid growth of capital. A favourable trade balance is proof of continued augmentation of the national wealth. Capital has ceased to flow abroad since the bank rates in the surrounding States have been reduced. The State has raised no internal loans of late and has begun rapidly to pay off its Treasury bill debt. The danger of a further reduction in the currency through payments on capital levy account has been removed by a provision of the new Bank Act which provides that two-thirds of the capital levy incomes shall be applied provisionally to the redemption of State bonds, which are on the market to an amount of some C.Kr.1,500 mill.

The above developments have produced an increased confidence and interest in the State loans, the position of which on the market is shown in the following table—

	(a)	(b)	(c)	(d)	(e)
4½% Premium Loan ...	1960	80.75	93.70	94.25	4.77%
6% Transport Loan ...	1946	76.95	87.00	88.40	6.79%
6% Flour Loan ...	1976	73.00	80.75	83.25	7.20%
6% Conversion Loan ...	1944	76.25	86.25	88.50	6.78%
6% IV. State Loan ...	1979	68.50	78.00	80.35	7.43%
5½% IV. State Loan ...	1979	60.50	70.50	73.20	7.51%
4½% IV. State Loan ...	1979	50.95	59.50	59.85	7.51%
3½% IV. State Loan ...		38.75	45.75	47.20	7.42%
6% Austrian Reconstruc- tion ...	1943	79.50	83.25	84.15	7.13%

The Premium Loan is redeemable by two annual drawings, the drawn numbers carrying a premium of 25 per cent., the redemption value being 125 per 100 nominal.

The interest paid on the 5½ per cent. and 4½ per cent. Fourth Loan will be reduced to 5 per cent. and 4 per cent. respectively from January 1, 1936.

As will be seen from the table the prices of the Czechoslovak State loans, despite the advance made since June last, are comparatively very low. There is a striking disproportion between the yield of the State loans and that of other investment stock (corporation and provincial stock and the mortgage bonds issued by the banks), the actual yield of which is in many cases under 6 per cent. A similar difference is observable between the yield of the State loans and that of share securities, these latter producing at their present prices a return which seldom exceeds 6 per cent. It is to be expected that these anomalies, so alien to a normal money market, will soon vanish and the price of the State loans adapt itself to that of other securities. (*Central European Observer.*)

Insolvencies in 1925.—According to the figures issued by the Statistical Bureau there were in December last 174 arrangements made for the benefit of creditors, as compared with 161 in November. The total assets of the firms involved amounted to C.Kr.49 mill., while the liabilities figured at C.Kr.111 mill. During the same month 30 bankruptcies were registered, as against 40 in November, 19 of the total being in Bohemia. In the case of 24 of these concerns the total assets were ascertained to be C.Kr.4.5 mill. and the total liabilities C.Kr.7.3 mill.

During the course of the whole of the past year arrangements for the benefit of creditors amounted to 1,981, with total assets C.Kr.430 mill. and total liabilities C.Kr.871 mill., while 450 bankruptcies were registered with total assets C.Kr.52 mill. and total liabilities C.Kr.132 mill. These returns indicate an improvement on the two preceding years. (*Prager Tagblatt.*)

Profit of the State Railways in 1925.—It is estimated that the Czechoslovak State railways made a profit of C.Kr.210 mill. in 1925, as against C.Kr.100 mill. in the preceding year. This increase is attributed to satisfactory traffic, savings effected and higher individual activity of the employees. The inclusion of the Bushrehrad and Aussig-Teplitz railways, in addition to 48 local lines, into the system of the State railways has resulted in a loss for the year, since, with the exception of two or three lines, they have all shown a deficit. It is hoped, however, that the newly nationalised lines will be made to yield a profit under the uniform management of the State railways. (*Czechoslovak Market.*)

TRADE

Foreign Trade Returns for February.—The returns of foreign trade for February show an appreciable improvement on those for the previous month, the favourable balance being C.Kr.914.5 mill. as against C.Kr.62 mill. for January 1926 and C.Kr.189 mill. for February 1925. Imports in February were valued at C.Kr.1,280.79 mill. and exports at C.Kr.1,475.29 mill. The main commodities imported in February last in comparison with February 1925 were as follows (in millions of Czechoslovak kronen): Cotton, 249 (258 in February 1925); cereals and flour, 137 (201); wool, 122 (146); live stock, 67 (54); silk, 47 (46); fats, 45 (42); and tobacco, 43 (51). The exportation of live stock shows an increase of C.Kr.13 mill. on the figure for the preceding month. An interesting feature of imports is the heavy decline in the value of goods coming from Germany and the increase in the value of goods imported from Poland. Germany's exports to Czechoslovakia dropped from C.Kr.509 mill. in February 1925 to C.Kr.289 mill. in February 1926, while Poland's exports to Czechoslovakia for the two months were respectively C.Kr.80 mill. and 121 mill. Imports from Great Britain rose from C.Kr.42 mill. to C.Kr.47 mill., while those from the United States remained stable at C.Kr.76 mill. Imports from Italy showed a remarkable falling off, from C.Kr.74 mill. to C.Kr.22 mill.

Wholesale Price Index Numbers January to March.

—Following the data published in the *Cenové Zprávy* of the Czechoslovak Statistical Bureau, we note that the wholesale prices of most commodities show a tendency to fall. The general index number for January 1 last was 966 (977 on December 1); for February 1, 950; and for March 1, 938. Reckoned on a gold basis the index numbers were on December 1, 142.2; on January 1, 140.8; on February 1, 138.5; on March 1, 136.8. The index number for March 1 is the lowest since January 1922, when the Statistical Bureau began to occupy itself with the question of wholesale prices. The latest recorded falls are to be attributed chiefly to the decline in the price of vegetable foodstuffs (—5.2 per cent.), textiles (—3.6 per cent.), cattle (—33 per cent.), with corresponding drops in the prices of meat. The complete movements of prices for the individual commodities are given in the *Cenové Zprávy*, Nos. 3, 4, 7 and 8, Vol. VI, 1926.

Potential and Actual Imports from Great Britain in 1925.—The table overleaf shows the quantities of British goods admitted annually into Czechoslovakia and the actual volume and value of trade for 1925.

The figures for British exports to Czechoslovakia in 1925 have been taken from the official trade returns issued by the Czechoslovak Statistical Bureau. They do not, however, represent this trade in minute detail, as commodities imported into Czechoslovakia in very small quantities are not recorded. Further, a comparison of the goods from British overseas possessions admitted annually into Czechoslovakia in specified quantities with the volume actually imported into this country is rendered difficult by the fact that in some cases the nomenclature of goods in the official trade returns does not correspond with that given in the list

of commodities admitted in accordance with the Trade Agreement. Nevertheless the list affords an approximate estimate of the possibilities of British export trade to Czechoslovakia and of the extent to which they have been utilised during the year.

Imports from Great Britain in 1925.

Commodity.	Quantity admitted (in tons).	Commodity.	Actually imported (in tons).	Value in (C.Kr. 1,000).
Cocoa beans	2,500	Cocoa beans and husks	279	2,199
Cocoa powder	250	Cocoa powder	1.5	10
Chocolate and chocolate confectionery	200	Chocolate and chocolate confectionery	—	—
Tea in bulk	800	Tea	60	2,035
Tea in packets and tins	200			
Pepper	500	Pepper	65	496
Spirits in barrels and bottles (except raw alcohol)	250	Spirits (except raw alcohol)	37	1,058
Canned fruits	300			
Jams in jars	200	Preserved fruits	3	28
Canned fish	200	Canned fish	—	—
Essential oils (except juniper and coriander)	2	Essential oils	—	—
Tanning extracts	2,000	Dyeing and tanning materials	220	686
Cotton yarns	1,500	Cotton yarns	1,065	92,512
Cotton thread and other cotton goods	1,000	Cotton goods	370	29,821
Woollen yarns	1,500	Woollen yarns	619	43,503
Woollen cloth	750	Woollen goods	188	33,344
Flax, yarn, linen thread and linen manufactures	75	Linen yarn and goods	227	11,595
Jute yarns and manufactures	500	Jute and other vegetal spinning material	22,309	164,592
Hemp yarns	50	Hemp yarn	—	—
Silk and silk goods	50	Silk and half-silk goods	27	8,098
Artificial silk	150	Artificial silk	—	—
Ready-made clothing	100	Ready-made clothing	1	262
Rubber	2,500	India-rubber	284	7,087
Rubber goods	1,000	India-rubber goods	372	11,025
Leather	1,500	Leather	179	8,903
Leather goods	500	Leather goods	14	1,696
Soap	1,000	Soap	23	440
Perfumes	2	Perfumes	4	276
Asbestos and asbestos goods	200	Asbestos	438	1,554
Chemicals and chemical products (except antimony and carbon disulphate)	1,500	Chemical auxiliary substances and chemical products	137	300
Paints and varnishes	100	Varnishes	51	995
Oils and fats for industrial purposes	10,000	Fats, fatty mixtures and fatty acids for industrial purposes	27	244
Lubricating oils	500	Lubricating oils	105	1,024
Cutlery and tools	250	Cutlery	—	—
Metal wares	1,000	Tools and implements	8	357
Paper for special purposes	125	Iron wares (except tools and implements)	906	8,341
Boilers and steam engines (including steam rollers and steam lorries)	5,000	Base metal wares	9	609
Electro-technical goods, dynamos, cables and wire	200	Paper and paper goods	70	1,560
Textile machinery	2,500	Working machines combined with steam motors	198	3,445
Bicycle parts	10	Boilers	—	—
Bicycles (pieces)	1,000	Electro-technical goods	—	—
Motor cycles	500	Textile machinery	2,597	33,480
Motor cars	150	Bicycle and motor cycle parts	52	2,047
Motor lorries	150	Bicycles	—	—
Hats	50,000	Motor cycles (without motors) (pieces)	2,632	10,883
		Motor cars	—	—
		Motor lorries	—	—
		Hat shapes and hats (pieces)	8,822	540

The contingents of textile machinery, motor cycles and parts have not only been exhausted, but exceeded. On the other hand, very few British motor cars, if any, appear to have been sold in Czechoslovakia, which is all the more astonishing as the American contingent is usually exhausted in the third quarter of the year. This in itself should prompt British manufacturers of motor cars to study the local market and selling conditions. The Czechoslovak official trade returns record a steady increase in imports of cars, which suggests that, by adopting a practical selling method, the British manufacturer should get an adequate share in this trade. The absence of imports of British-made electro-technical goods, cables and wire points to the inability of these manufactures to compete with the local industry, which is producing cheaper and is protected by a fairly high tariff. Imports of British soap, with only 23 tons during the year, fall far short of the 1,000 tons admitted annually, and here it may also be possible to improve the position in the face of local, French, German and Austrian competition. The sales of British textiles are on the increase and should continue to develop.

The deficiency in imports of colonial goods may be attributed to the intermediate trade carried on by middlemen in Hamburg, Bremen, and other ports. This, however, does not lower the volume; it is simply recorded as imports from other countries. This also

applies to rubber, of which only the tenth part of the quantity admitted is shown in the import returns.

While it seems that British exports to Czechoslovakia are capable of improvement, considerable headway has already been made; this is borne out by the increase

in the value of this trade, which in 1925 was approximately £3,814,050 as against £2,731,085 in 1924, a difference of £1,082,965 to the good.

British manufacturers wishing to do business in Czechoslovakia should pay attention to the question of price, leaving quality to take care of itself. The description "Made in England" is still equal to a hall-mark and the local merchants prefer British business methods to any others. At the same time it is advisable to adapt the selling conditions as much as possible to the customs of the country. (*Czechoslovak Market.*)

Prague and Bratislava Trade Fairs.—Despite the incipient trade depression in Czechoslovakia, the result of the Prague Samples Fair, which concluded on March 28, is announced as satisfactory, and not only better than the result attained by other trade fairs recently held in other parts of Central Europe, but also in excess of the anticipations entertained for Prague itself. The number of exhibitors at the Fair was 2,474, a higher figure than had been reached at any of the eleven previous fairs. A good proportion of exhibits came from abroad, the most notable foreign group being found in the special United States pavilion. There was likewise a record attendance of visitors and buyers, those from abroad coming (in numbers in the order

named) from Austria, Germany, Yugo-Slavia, Poland, France, Hungary, Rumania, Switzerland, Italy, Great Britain, Bulgaria, Holland, Sweden, Denmark, Russia, Norway, Turkey, Greece, China, India, Belgium, Spain, the United States, Albania, Latvia, Lithuania, Finland, Egypt, Brazil, Guatemala, Argentina, Iceland, Palestine, Australia, Japan and Northern Africa.

In the engineering and machinery branch very satisfactory sales were made for the home market as well as for abroad, especially for the Balkan countries. These sales included hand and motor pumps, iron furniture, agricultural machinery, electrical machinery and apparatus, machinery for flour mills, breweries, cement works, laundries, etc., enamel goods and stoves. Orders received for glass and Jablonec (Gablonz) were are reported as medium. In ceramics good sales were made to Germany and Latvia. Considerable orders were given for leather, especially from Great Britain, the Balkan and Central European countries. Chocolates, sweets and preserves were sold in large quantities to Turkey. Fairly satisfactory sales were effected in the textile branch, and there was an unusually good demand for sewing machines. The special exhibitions connected with the Fair—the motor-cycle exhibition in particular—met with pronounced success. The broadcasting and wireless exhibits were likewise successful in attracting buyers on a large scale. On the other hand the results in the furniture group were somewhat disappointing and reflected the depression now prevailing in the furniture trade generally.

The special American Pavilion, which has had the advantage of the active support of the U.S. Commercial Attaché at Prague, Mr. James Hodgson, proved a centre of attraction and will probably become a permanent feature of the Prague Fair.

This year's Danube Fair at Bratislava, which is the sixth of the series, opens on August 22 next and continues to September 2. The growing importance of the port of Bratislava as a junction of trade between Central and South-east and Eastern Europe is indicated by the rapidly increasing amount of tonnage passing through the harbour, and it is not to be wondered at that increased interest is shown year by year in the annual Trade Fair. Last year the number of exhibitors at this fair was 1,400 and visitors numbered some 200,000. The grouping of the exhibits is much the same as that of the Prague Samples Fair and comprises the following: (1) Building trades; (2) Electrical engineering; (3) Special section; (4) Metallurgical industries; (5) Furniture and house decoration; (6) Textiles; (7) Leather, boots and shoes; (8) Clothing; (9) Office requisites; (10) Cottage industries and handicrafts; (11) Paper and printing trades; (12) Fancy goods and sports and athletic outfitting; (13) Chemicals; (14) Toys; (15) Glass and glassware; (16) Jewellery; (17) Provisions; (18) Musical instruments. Among the special exhibitions to be held in connection with the Fair are those relating to timber, horticulture, sugar and beetroot cultivation, and museum exhibits. (*Central European Observer*.)

AGRICULTURE

Official Crop Returns for 1925.—The official report on the crops in Bohemia in 1925 was given in THE ECONOMIC REVIEW of March 19. The complete returns for the whole Republic of Czechoslovakia have since been issued by the Prague Bureau of Statistics and published in the *Central European Observer*. We reproduce the statistics below (the figures in brackets referring to the year 1924):—

	Area under cultivation. in hectares.	Average yield in quintals. per hectare.	Total production, in quintals.
Winter wheat	554,333 (536,947)	17.5 (14.4)	9,718,217 (7,738,887)
Spring wheat	63,085 (68,829)	15.5 (15.0)	980,126 (1,034,904)
Winter rye	822,157 (811,406)	17.6 (18.7)	14,478,239 (11,094,706)

	Area under cultivation. in hectares.	Average yield in quintals. per hectare.	Total production, in quintals.
Spring rye	23,848 (26,126)	11.7 (10.3)	279,311 (268,524)
Winter barley	3,911 (4,367)	17.3 (13.7)	67,824 (59,851)
Spring barley	689,765 (673,922)	16.0 (14.3)	12,387,457 (9,647,114)
Oats	836,096 (845,735)	15.6 (14.2)	13,043,583 (12,041,566)
Maize	166,467 (157,431)	19.5 (16.5)	3,058,999 (2,600,925)
French beans	10,588 (10,456)	13.3 (13.2)	141,297 (137,566)
Peas	22,778 (24,305)	14.1 (14.1)	321,041 (341,924)
Lentils	5,581 (5,291)	10.8 (9.7)	60,299 (51,165)
Vetch	47,066 (49,489)	12.3 (12.3)	577,865 (608,969)
Fodder beans	7,413 (8,290)	17.0 (16.3)	125,925 (134,924)
Rapeseed	3,007 (3,464)	12.9 (12.2)	38,680 (42,163)
Poppy seed	7,886 (7,675)	8.5 (8.7)	67,160 (68,570)
Flax	24,731 (21,886)	5.5 (5.6)	138,698 (122,681)
Hemp	11,697 (11,697)	8.2 (8.8)	95,927 (79,691)
Early potatoes	23,153 (21,455)	93.0 (85.7)	2,164,431 (1,839,681)
Other potatoes	616,025 (612,685)	118.2 (103.2)	72,831,533 (63,303,582)
Chicory	7,074 (7,529)	187.1 (186.4)	1,323,758 (1,403,295)
Sugar beet	307,405 (302,579)	295.2 (276.8)	90,748,036 (83,744,430)
Fodder beet	97,704 (98,320)	292.0 (269.7)	28,534,686 (26,517,545)
Cabbage	24,027 (23,884)	217.1 (183.5)	5,215,774 (4,383,276)
Clover seed	70,241 (69,866)	2.2 (2.3)	151,232 (158,971)
Clover	780,738 (782,145)	44.1 (40.2)	34,400,673 (31,449,968)
Green fodder	240,453 (254,931)	31.9 (28.2)	7,668,049 (7,199,912)
Seeded crop	98,677 (99,183)	37.4 (34.9)	3,693,261 (3,457,226)
Permanent meadow	1,382,783 (1,384,760)	39.4 (37.2)	54,447,925 (51,513,327)

In most cases, it will be observed, the total crop and the average yield per hectare were superior to the yield in 1924.

DANZIG

FINANCE

Criticism of the National Estimates.—The national estimates of the Free City for the current financial year, which passed their final reading in the Volkstag on March 24, have been subjected to severe criticism, mainly on account of the optimism shown therein despite the present financial and economic crisis. The reconstruction programme drafted and announced by the Government some time since was, states the *Danziger Zeitung*, quite praiseworthy; but in respect to the essential parts it has not been carried out. The various economies that were to be effected, particularly by a decrease in the number of State employees and a reduction of the departmental expenditure, led to the postponement of the programme in order that the proclaimed economies might be incorporated. And now the same encouraging declarations are being made, the programme has been re-drafted and duly submitted to the Volkstag, representing on the whole merely a bitter disappointment for the population. The estimates lack perspicuity in regard to the credit for fresh investments and are unreal in so far as they reckon upon revenue in direct opposition to the present desperate economic state of the Free City, besides disclosing a disquieting picture of the extent of the legal responsibility of the State, which is far in excess of its financial capacity. It is not clear whether the money required for new capital investments is covered by ordinary current revenue, whether it is covered by a single payment or distributed over a period of years and to what extent, or is to be met by extraordinary receipts in the way of loans, etc. This naturally leads to misunderstandings. The estimates for the Postal and Telegraph Department are especially open to this criticism; it is a matter, too, of the expenditure of several millions of gulden without the control of the public or Parliament. One cannot, for instance, recall that credit has been granted for the

erection of the wireless station at Glettkau. The public is ignorant as to the cost of construction of this station and cannot tell whether the work is being carried out economically or wastefully. It is simply known that the working expenditure of the Telegraph Department for the establishment and renovation of apparatus, technical installations, etc., amounted to 1,580,000 gulden in 1924, 1,120,000 gulden in 1925, and 820,000 gulden in 1926. Telegraphic material for the construction and maintenance of the telegraph and telephone system required 2,320,000 gulden in 1924, 1,500,000 gulden in 1925, and 345,000 gulden in 1926; for work in connection with the same department the sum of 880,000 gulden was required in 1924, the same amount in 1925, and 970,000 gulden in 1926. While there is a lamentable obscurity respecting the expenditure of millions of gulden, the estimates reveal a most painful exactitude in accounting for petty items of a few odd gulden.

The worst feature of the estimates is their unreality. Some of the expenditure items have, for instance, been contracted so considerably that even a layman can immediately see the impossibility of keeping within the prescribed limits. On the other hand certain items of expenditure are unjustifiably augmented. The demand for unemployment benefits shows an increase of 25 per cent. as compared with the preceding year, and constitutes an intolerable burden. The calculations as to revenue can only lead to disillusion. With the prevailing economic crisis, the alarming number of bankruptcies and liquidations, the stagnation of industry, the extent of unemployment and the uncertain condition of commerce, to estimate the yield of the income tax at 14,600,000 gulden is sheer recklessness. Similarly it is difficult to see how the estimated sum of 1,100,000 gulden is to be obtained from the corporation tax when no new companies are being formed and existing concerns are being dissolved. The national estimates of the Free City, without including the budgets of the municipality and the other districts, run to a total of 117 mill. gulden, or over 316 gulden per head of the population. The significance of this burden will be better realised when it is remembered that Poland is passing through a most critical period, because the nation cannot bear the burden of an average tribute of 78 zlotys per head of the population, and Germany is similarly suffering on account of the impossibility of meeting the imposition of 158 Reichsmark, per head of the population. Under such circumstances to expect the Free City of Danzig to contribute more than it is already doing is beyond reason.

The Danzig Savings Bank in 1925.—The Savings Bank of the City of Danzig has issued its report for the year 1925. The profit and loss account shows that after applying 260,650.08 gulden for real estate and after writing off 345,241.21 gulden the profits amounted to 348,998.80 gulden. Among the main items of revenue the following (in gulden): Interest on capital investments, 2,632,300.54 (2,699,116.93 in 1924); commissions, 985,221.41 (804,140.47); fees and dues, etc., 213,484 (263,968.52); and receipts from real estate, 43,930.59 (36,636.63). Among the expenditure items are to be noted (in gulden): Interest on deposits, 1,771,275.30 (1,804,941.62); administrative costs, etc., 1,032,144.15 (735,766.71); and loss on the exchange, 115,857.45 (70,864.97). On December 31 last the cash account amounted to 1,126,985.77 gulden, while considerable sums were lying at the Bank of Danzig and other banks. Bills totalled 1,137,372.51 gulden and securities a further 470,288.50 gulden. The current deposit account was at 17,914,063.37 gulden, the savings deposits at 8,002,944.63 gulden. The total revenue amounted to 28,833,039.22 gulden and the total liabilities to 28,484,040.42 gulden. It has been decided to place a sum of 200,000 gulden to reserves and a sum of 148,998.80 gulden to the valuation fund. (*Danziger Zeitung*.)

TRADE

Maritime Trade during the First Quarter.—The returns of Danzig's maritime trade for the first three months of the year give an entirely false impression, states *Schiffahrt, Danziger Zeitung*, of April 7 last, and mere superficial observers will deduce therefrom that the general economic conditions of the Free City have really improved. Whereas Danzig was formerly in complete possession of the Port and the traffic receipts, to-day the Free City merely plays the rôle of a gate-keeper. The causes of the recent appreciable increase in Poland's export trade have been clearly demonstrated by the Polish economist, M. Diamond, who has shown that this improvement and the excess of exports over imports have been brought about solely by forcing up the inland prices. This increased activity has naturally been reflected in Danzig's traffic returns, but the causes are artificial and cannot be regarded as permanent. The increase of traffic at the Port has not prevented the authorities from raising the dues, etc.

The following table shows the number of incoming and outgoing vessels and the total net tonnage during the first three months of the year in comparison with the figures for the corresponding period of 1925, together with the total turnover of goods for those periods:—

		1925.		1926.	
		No. of ships.	Tonnage.	No. of ships.	Tonnage.
Incoming	...	648	353,881	1,050	643,004
Outgoing	...	634	355,507	1,031	640,654
		Turnover.			
Incoming	...		177,528		79,179
Outgoing	...		348,550		944,372

Coal exports amounted to 530,355 tons.

Poland was represented by only 9 vessels, with a total capacity of 7,085 tons; Danzig vessels numbered 43, with a total of 14,948 tons. The flag list was headed by Germany with 441 vessels and a total of 201,300 tons, followed by the Swedish flag with 229 vessels and 148,169 tons, the Danish with 123 vessels and 108,164 tons, and the British with 64 vessels and 74,200 tons. Only 10 French vessels with a total tonnage of 11,693 participated in the Port traffic during this period.

The number of emigrants passing through Danzig during the first quarter was 7,301, of whom 1,697 shipped directly for Canada and New York, 697 travelled via Copenhagen, 3,424 booked for London and 1,483 for Hull. The aggregate passenger traffic during this period amounted to 7,470 departures and 796 arrivals.

Foreign Trade since the Introduction of the Danzig-Polish Customs Union.—A useful volume by Dr. Funk has recently appeared dealing with the characteristics of Danzig's foreign trade since the beginning of the Customs Union between Danzig and Poland, from the numerous quotations of which as published in the *Danziger Zeitung* we have selected the following most salient features. The writer clearly states at the outset that the development of Danzig's trade during this period must not be directly attributed to this Union, since there were other factors affecting it, notably the movements of the German mark and the introduction of the Danzig gulden, which tend to complicate the problem. It is, however, possible to indicate the main lines of this development since January 10, 1922, when the Customs Union came into force, and particularly since April 1, 1922, on which date the economic boundaries of Danzig and Poland were regulated with certain limitations.

The commercial activities of the Free City have grown fairly considerably, but important changes have taken place in the volume of the different commodities of exchange. In the place of cereals, which formerly represented the leading article of exportation, timber has come rapidly to the fore and appears likely to maintain its commanding position. By 1923 exports of timber and articles made of wood had already attained an annual value of 119 mill. gulden. In pre-war times sugar was an important article of exportation; during the war and the period immediately subsequent to

the war it became insignificant, only to regain within recent times its former position. Among the new commodities appearing in the foreign trade exchanges are cotton fabrics, mainly from Lodz, Bielitz and Tomaszew; petroleum, machine oil and benzine, mainly from Poland, whereas they were formerly imported from America. Coal is now a most important article of exportation, as compared with former times. In regard to imports general increases may be noted. Artificial manures and fertilisers for the Polish and Danzig agricultural industries have become important items, amounting in the year 1923 to a value of 44 mill. gulden, while raw cotton and wool have assumed practically like proportions. The growth of wheaten flour imports is largely due to the fact that Poland is cultivating more rye than wheat. Large quantities of fish are now being landed at Danzig, chiefly for Poland, and a British firm has lately undertaken the development of this branch on an extensive scale. Other imported articles of note now are saltpetre, tools, machinery, motors, iron and steel, coal and pyrites. Apart from the exchanges with Germany and Poland trade is mainly developing with Great Britain and the United States. Exports of timber and sugar to Great Britain have been considerably augmented during recent times. There is a tendency for imports from America to increase rapidly, particularly in the case of wheaten flour, cotton, wool, fats, saltpetre and manures. Exports to America are but trifling. A remarkable feature is the development of the importation of superphosphates, phosphate of lime and bone-meal from North Africa. The commercial exchanges with Russia have so far proved insignificant. Trade with Germany has suffered somewhat since the introduction of the Customs Union with Poland, but Germany still occupies the leading position next to Great Britain in respect of Danzig's imports. Germany is the chief source of supply for Danzig's requirements in iron and steel, tools and motors, and indispensable in regard to artificial manure imports; still more indispensable is this country as a market for Danzig's goods.

The Tobacco Monopoly.—The time has now come for Danzig to make a decision respecting the introduction of monopolies, writes Herr Alphons Micalke in a contribution to the *Danziger Zeitung*. This regrettable necessity is occasioned on the one hand by the agreement of October 24, 1921, concluded with the Polish Republic, and on the other by the financial difficulties of the Free City. The pressure of circumstances compels Danzig to nationalise a portion of the free economic activity. Attention is being first given to the introduction of monopolies for tobacco and spirits. The tobacco monopoly is confronted by some complications. Shortly before the separation from Germany a number of new tobacco concerns were established, although Danzig already possessed an adequate number. This mushroom industry has suffered greatly from the economic relations between Danzig and Poland, and the Danzig firms are now compelled to rely almost entirely upon Danzig for their market. At one time the cigarette factories were turning out five million cigarettes per day. Two and a half years ago cigarettes held a respectable position in Danzig's export trade; to-day the exportation of any appreciable quantity is quite impossible. The imposition of a higher duty on raw tobacco affected the industry very severely. The Danzig Government realised that the tobacco industry was becoming ruined and has been conducting negotiations with a view to saving the situation. The conditions could not become worse and at a recent meeting the manufacturers themselves declared in favour of the monopoly, which is generally regarded as inevitable. The Government's difficulty is to decide upon the type of monopoly to be introduced. Many of the manufacturers are in favour of an absolute monopoly with adequate compensation, while others are as strongly supporting the so-called trade monopoly. The absolute monopoly would cost the State an enormous amount of

money; at the present stage of Danzig's finances the trade monopoly is preferable. The adoption of the latter system would mean that the deliveries of tobacco would be made on account of the State, and the factories would receive a certain "wage" for the work of manufacturing and could still supply their own present markets, and at the same time be relieved of the trouble of paying taxes, duties, etc. The State would not require a great capital outlay, the industry would be free from risks, while credit business would be eliminated from the trading section.

SOCIAL AND LABOUR CONDITIONS

Unemployment in February and Relief Works.—

There was a further increase in the number of unemployed during the month of February, although the movement was not at the same rate as in the preceding period. It is generally considered that the worst stage has been passed. The total number of unemployed registered at the end of February was 22,411, as against 20,715 at the beginning of the month. The Government has inaugurated relief works to give employment to some 3,600 unemployed. It is expected that twice this number will be engaged when the days draw out sufficiently to enable double shifts to be worked. It is also reported that a loan of £1,600,000 is being negotiated for the purpose of building dwelling-houses in Danzig. (*Danziger Zeitung*.)

FRANCE

POLITICAL AND FINANCIAL

Revenue Returns and Treasury Liabilities.—The Budget having now been passed in so far as its main lines are concerned, there remains only the definitive estimates of expenditure of the various Government departments, which have still to be approved by both Chambers. Two questions come now in the front: first, as to whether the equilibrium of estimated revenue and expenditure established by the Ministry of Finance will be realised; and, secondly, as to how the maturing Treasury liabilities will be met (see *THE ECONOMIC REVIEW*, April 9).

The revenue returns for March were published last week. Exclusive of exceptional resources, the figures are as follows (compared with those for the corresponding period of the preceding year), in millions of francs:—

	1926.	1925.	Increase.
January	3,929	2,676	1,253
February	2,210	1,879	341
March	2,063	1,980	83
Total	8,202	6,526	1,676

In the opinion of the *Temps* (April 15) these results are not satisfactory; with prices much higher than they were a year ago, the turnover tax and other *ad valorem* taxes should have yielded a much larger surplus than 83 million as compared with March 1925. The smallness of this increase is due to the fact that the principal direct taxes were paid this year in January, thus bringing down the collections in March. Direct taxation yielded Fr.268 million less than in March 1925, while the proceeds from indirect taxation were Fr.351 million higher. It may also be noted that the latter exceed the estimate by Fr.54.5 million. (There are no monthly estimates of direct taxation.)

A classified table is published by the Ministry of Finance showing the Treasury receipts during the first three months under the different heads; these figures show considerable advance compared with those for the first quarter of 1925 (in millions of francs):—

	1926.	1925.	Increase.
Direct revenue taxation ...	2,663	1,966	697 or 35%
Estate taxes and stamp duty (succession duty included)	1,813	1,478	335 or 23%
Different kinds of luxury taxes	337	242	95 or 40%
Indirect taxation of non-necessaries (alcohol, tobacco, gunpowder) ...	1,125	903	222 or 25%

	1926.	1925.	Increase.
Consumption taxes (Customs, turnover, Excise, etc., duties)	2,218	1,903	315 or 17%
Real estate and enterprises belonging to the State ...	46	34	12 or 35%
	8,202	6,526	1,676 or 26%

Replying to an English paper which assumed that the receipts of the French Treasury would be at least 4,500 millions short of the expenditure, the *Information* (April 15) declares that this statement has no foundation and lays stress on the fact that the proceeds of three months' indirect taxation exceed the estimates by 318 millions, thus showing a surplus. As to direct taxation, the corresponding figures are quite satisfactory and are thought to be normal for this period of the year.

As to the other important question, that of Treasury charges outside the scope of the Budget, especially those connected with the payment of Fr.3,160 million on May 20, the Minister of Finance, after consulting the principal bankers, issued a statement to the effect that there will be no serious difficulties in the matter. The facilities given to the Treasury holders (see THE ECONOMIC REVIEW, April 9) have had a satisfactory result, as according to the aforesaid statement they succeeded in attracting new subscriptions to Treasury bills.

The yield of the extraordinary Loucheur taxes, which constitute the principal resources for the payment of maturing bonds, was Fr.569 million for the first three months of the year, but the bulk of the payments is expected to be made in April (some Fr.2,500 million more, according to the official estimate).

Returns are also published of another extra-budgetary revenue item, the payments by Germany under the Dawes Plan during the first seven months of the second Dawes year (August 1925 to March 1926). Out of a sum of Mk.649 million France has received 316.8 million, representing in francs about 2,200 million. Of course, the real yield was much less than the sum put to the debit of France, especially as far as the deliveries in kind are concerned, but these figures indicate that in the second Dawes year the German payments will probably yield the sum at which they are reckoned.

TRADE

Foreign Trade during the First Quarter.—The foreign trade returns for February have provoked much pessimistic comment over the adverse balance of trade. The March figures, however, show great improvement, the unfavourable balance being reduced to a comparatively small figure. The value of exports and imports are as follows (in millions of francs):—

	Imports.	Exports.	Adverse trade balance.
January	4,483	3,868	615
February	5,245	4,409	836
March	5,095	4,960	135
Total... ..	14,823	13,237	1,586

The volume of foreign trade in March as compared with the preceding month also shows a decrease in imports and an increase in exports, particularly under the head of raw materials and semi-manufactured goods (in thousands of tons):—

Imports.			March.	February.	Difference.
Foodstuffs ... ..	...	...	442	430	+ 12
Raw material and semi-manu- factured goods ... ..	...	...	3,315	3,576	— 261
Manufactured goods ... ..	...	...	189	139	+ 50
Total ... ..	...	...	3,946	4,145	— 199
Exports.					
Foodstuffs ... ..	...	...	124	113	+ 11
Raw material and semi-manu- factured goods ... ..	...	...	2,415	2,246	+ 169
Manufactured goods ... ..	...	...	380	393	— 13
Total ... ..	...	...	2,919	2,752	+ 167

It will be seen from the above that the March statistics do not show such an adverse balance as the February figures.

If we analyse the figures of the volume and value of this trade for the first three months of the year as compared with the corresponding period of 1925, some interesting features will appear:—

			Increase (+) or decrease (—) in 1926 figures.	
Imports.			Value.	Volume.
Foodstuffs ... ..	...	...	+ 47%	+ 28%
Raw material and semi-manu- factured goods ... ..	...	...	+ 51%	— 1%
Manufactured goods ... ..	...	...	+ 42%	+ 28%
Exports.				
Foodstuffs ... ..	...	...	+ 23%	+ 1%
Raw material and semi-manu- factured goods ... ..	...	...	+ 25%	—
Manufactured goods ... ..	...	...	+ 20%	+ 7%

Thus, the principal causes of the adverse balance of foreign trade for this period are seen to be the increase in imports of foodstuffs and of manufactured goods (28 per cent.) and the rise in the prices of raw materials in the world market.

Movement of Prices.—The General Statistical Office has published the figures for March. According to these the general index number of wholesale prices in France, calculated on the basis of 45 articles (of which 20 are foodstuffs and 25 industrial products) and taking 100 as the basic figure of prices in 1914, show a slight decline as compared with the preceding months:—

March.	February.	January.
645	649	647

This is principally due to the fall in prices of the industrial products, while foodstuffs show on an average a slight rise:—

	March.	February.	January.
Foodstuffs	537	535	531
Industrial products	740	749	748

Retail prices on the other hand show a steady increase:—

1925 November ... ..	...	444
December ... ..	...	463
1926 January ... ..	...	480
February ... ..	...	495
March ... ..	...	497

The index number of retail prices being principally in respect of foodstuffs, it does not show a decrease any more than does the wholesale index number for foodstuffs.

The Paris cost of living commission has also published its index number for the first three months of the year. For a working class family of four it is reckoned at 451 (100 in 1914), as compared with 421 in the fourth quarter of 1925. Expenses for food taken separately show a greater advance, being established at 473.

INDUSTRY

The Output of Coal.—In a preceding number of THE ECONOMIC REVIEW statistics were published showing the rapid progress of coal extraction in the devastated areas. The February figures are now available for the whole country. The January output was 4,251,000 tons for 25 working days, as compared with 4,088,000 tons for 24 working days in February. The average daily output shows a slight increase, as well as the number of hands employed, as follows:—

		Daily output. Tons.	Number of hands.
Average 1913 ... ..	...	136,147	203,208
January 1923 ... ..	...	121,064	242,568
„ 1924 ... ..	...	144,680	286,804
„ 1925 ... ..	...	160,445	311,991
„ 1926 ... ..	...	170,048	315,204
February 1926 ... ..	...	170,340	315,472

The coal mines of Lorraine having produced in February an average of 17,937 tons a day, the daily output of coal within the confines of pre-war France will work out at 152,403 tons, or an increase of 16,256 tons or 11 per cent. as compared with the pre-war output. The two principal groups of coal mines (in pre-war France) show unequal progress (in tons):—

Average daily output.

	1913.	February 1926.	Increase.
The midland and southern mines...	44,850	48,968	+ 9%
The Nord and Pas-de-Calais mines (devastated areas) ...	91,293	103,435	+ 13%

It may be observed that the progress in the output of coal in the reconstructed mines is much more marked than in the other mines, this being chiefly due to the technical perfection reached in the former.

GERMANY

FINANCE

The Banks' February Balance-sheet.—The two months' balance-sheet ending February 28 published in the *Reichsanzeiger* deals with 119 banks as compared with 125 on October 31, 1925. This number includes 83 (on October 31, 89) credit banks, 20 (19) State and national banks, 3 (3) mortgage banks, and 13 (14) giro centrals. Owing to the drawing up of the annual reports no complete general balance-sheet for December 31, 1925, has been published; the following table, therefore, gives a general survey of the movement under the more important headings in the profit and loss account since the announcement of October 31, 1925 (in millions of Reichsmarks):—

	February 28, 1926.	October 31, 1925.
Cash, currency and coupons ...	106	106
Credit with clearing banks ...	76	101
Bills and Treasury guarantees ...	2,155	2,086
Credit with banks and banking firms ...	1,420	1,261
Loans and guarantees ...	306	270
Advances on goods and shipments ...	497	443
Stocks and shares ...	214	187
Debtors ...	5,182	5,272
Creditors ...	8,909	8,557
Deposits included in above ...	5,158	4,670
Acceptances and cheques ...	368	394

The increase in creditors is particularly noteworthy, consisting as it does chiefly of augmented deposits. This state of affairs is satisfactory up to a point, as a sign of recuperation in the formation of capital, but it is also partly due to the fact that bad business conditions have rendered inactive capital which would otherwise have been in request from day to day. In this connection it may be noted that debtors have decreased, although more use has been made of bills as a means of credit. Nostro credits have further increased, partly in consequence of deposits lodged with foreign banks. (*Hamburger Fremdenblatt*, March 31.)

The *Kölnische Zeitung* (March 31) analyses the February balance-sheets of the six great Berlin Banks, which have also published statistics for December 31, 1925, pointing out that the period under review was characterised, according to the recently published annual reports of the banks, by an unmistakable upward tendency. The improvement, however, can only be said to apply at present to banking and Bourse business, for the general economic position shows but little change according to February figures. The total of debtors and creditors of the six great Berlin banks (the *Handelsgesellschaft*, this year as hitherto) abstains from the publication of interim balance-sheets only shows a slight increase as compared with December 31, 1925, the creditors having risen from R.Mk.4,519 to R.Mk.4,530 million, the debtors from R.Mk.2,300 to 2,400 million. Deposits included under creditors show a relatively small decrease, from R.Mk.2,246.1 million in

December to R.Mk.2,195 million. Within the debtors column the ratio of uncovered to covered outstanding amounts has shifted to the advantage of the latter. Owing to animation in the banking and Bourse business advances on goods and securities show a general large increase. On the other hand the bill portfolio has shrunk slightly, from R.Mk.1,250 million to R.Mk.1,243 million in consequence of the prevailing liquidity on the money market. Cash and credit with banks, taken together, have decreased from R.Mk.882 million to R.Mk.742 million, so that on an average liquidity has decreased. Stocks and shares have increased from R.Mk.64 million to R.Mk.71.5 million.

The position of the six great Berlin banks is shown in the following table (in millions of Reichsmarks):—

	Dec. 31, 1925.	Feb. 28, 1926.
Cash, currency and coupons ...	256.2	66.9
Credit with clearing banks ...	...	42.3
Bills and Treasury guarantees ...	1,297.2	1,243.9
Credit with banks and banking firms ...	700.5	631.8
Loans and guarantees ...	129.1	184.8
Advances on goods and shipments ...	463.4	439.5
Stocks and shares ...	63.3	71.5
Temporary participation ...	70.5	64.4
Permanent participation ...	103.1	137.5
Outstanding amounts ...	2,382.9	2,399.7
Creditors ...	4,686.1	4,530.2
Deposits included in above ...	2,246.1	2,194.7
Acceptances and cheques ...	253.2	241.5
Balance-sheet total ...	5,453.0	5,466.2

The *Deutsche Allgemeine Zeitung* of April 1 reckons that the February balance-sheet of the six great banks shows a general depreciation of about 2 per cent., as the fluctuating debts rose from R.Mk.4,929.3 to 4,946.8 million, while liquid funds decreased from R.Mk.2,814.1 million to 2,735.7 million, and attributes this to a natural reaction after the strenuous endeavours on the part of the banks to show a favourable annual balance-sheet.

Improvement in the Share Market.—During the month of March the level of Bourse quotation rates, in spite of fluctuations, has risen to a very considerable extent. The demand once more centred around certain special categories, but spread later to a large number of hitherto neglected investments. The following table shows the position of shares officially quoted on the Berlin Exchange at the close of March in comparison with the previous month:—

Percentage of gold parity.	Value.	End of March percentage.	End of Feb. percentage.
Under 50 ...	215	24.2	37.4
From 50 to 75 ...	251	28.2	25.1
From 75 to 100 ...	196	22.0	19.5
From 100 to 150 ...	198	22.2	16.4
Over 150 ...	30	3.4	1.6

According to this table 25.6 per cent. of all shares stood at or over parity as compared with 18 per cent. in February. The doubling of the number of shares quoted over 150 per cent. is particularly striking. It may be assumed that the great majority of shares quoted at over 75 per cent. are furnished with an adequate dividend. Even in the class of shares between 50 and 75 per cent. there are a number which pay a reasonable, if small, dividend (5 to 6 per cent.). The classes of investments which have chiefly contributed to the upward movement are bank, shipping, brewery, chemical, potash and electrical works shares. The hitherto neglected machine and automobile shares came in for a share of interest. At the close of the month the improvement in share quotations made further considerable progress in view of the reduction of the discount rate by the Reichsbank and the abnormal liquidity on the money market, so that several shares reached hitherto unattained rates, such as the I.G. Dye Industry (Aniline), Siemens and Halske, the Allgemeine

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Elektrizitäts Gesellschaft, the great shipping companies, etc. The most valuable shares on the Bourse are now as follows:—

Roddergrube: Rate, 335 per cent.; dividend, 24 per cent.
 Vereinigte Glanzstoff: 282 per cent.; dividend, 15 per cent.
 Berliner Kindl Brauerei: 252 per cent.; dividend, 20 per cent.

Gebr. Bohler: 237 per cent.; dividend not yet fixed.

(*Hamburger Fremdenblatt*, April 1.)

INDUSTRY

General Industrial Conditions in March.—According to the report of the Prussian Chamber of Commerce the economic situation experienced slight stimulation in certain directions during March, but in view of the depression in the key industries (coal and iron) and in agriculture it is impossible to speak of a general improvement yet.

A further depreciation in the situation of Ruhr coal mining occurred during March. The daily average output, which amounted in January to 345,000 tons and in February to 335,000 tons, is not likely to have exceeded 320,000 tons at most during March. The growing number of unworked shifts is particularly ominous, as they are the precursors of imminent reductions in working and shutting down. In the disputed area sales were only effected at a loss, under the influence of sharp competition from the neighbouring foreign coal districts, also suffering from difficulty in finding a market for their output. The sales of the Syndicate during the first 20 working days in March show a decrease of 11 per cent. as compared with the corresponding period in February. The standing stocks show a slight increase. Up to March 25 the number of shifts unworked owing to absence of demand amounted to 739,326. The total number of hands employed in Ruhr mining was 383,599 at the end of February, and up to March 15 a further 11,716 were dismissed.

Sales difficulties continued during March in the Upper Silesian coal district. Even the deliveries of coal to the Reichsbahn are inclined to diminish. The building material industries alone showed a somewhat increased demand for coal. Export also is 53,306 tons below the already poor figure for February. Under these conditions the standing stocks have increased from 65,138 tons at the end of February to about 90,000 tons on March 24.

Conditions in the Siegerland mines have grown steadily worse during March. Both output and sales of iron ore show a decrease of 60 per cent. as compared with the same month of last year. The cost of production has increased to an extraordinary degree owing to the depth of the mines and the quantity of water in them. The large number of unemployed will be further increased by the shutting down of one pit at the beginning of April. The situation in the Lahn and Dill district is equally bad.

Sales have experienced a further considerable decrease in Central German brown coal mining. Briquettes had therefore to be stacked in almost all the mining districts. There was a heavy increase in unworked shifts, and a reduction in the number of workers cannot long be avoided.

The sales of the Potash Syndicate decreased from 1,855 million d.ctr. in February to 1,250 million d.ctr. in March. The demand from German agriculture increased after the draining off of water from the fields and meadows, but, owing to lack of capital, in most cases only the cheapest salts such as kainite and 40 per cent. potash manure salt were asked for. Foreign sales showed a decrease.

There has been no great change in the rolled iron market in Rhineland Westphalia, though here and there a little increased activity was discernible. The scrap market was very quiet and there was no activity in pig iron business. The retrograde movement which set in in February on the export market has continued. Prices for syndicate products have experienced no change, but prices for medium and fine sheet not subject

to the syndicate have weakened. On the foreign market there is sharp competition, the prices being consequently low and involving loss. The reduction of output is fixed for April at the old rate of 35 per cent., but the actual reduction at most of the works will exceed this figure.

In the Siegerland iron industry there has been a slight improvement in market conditions for pig iron semi-products and sheet metal. The hoped for improvement in pig iron business in Upper Silesia did not materialise, but the rolled iron business was somewhat more active.

Orders for cast iron were more numerous, probably owing to the reduction of Mk.4 per ton in the prices. The steel tube works are very scantily occupied. The Upper Silesian sheet rolling mills were far from working to their full capacity, and the prices for sheet iron are falling. In sheet zinc there was a decrease of Mk.3 per 100 Kg. during March.

There has been no increase in the occupation of the Düsseldorf machine industry. Very few orders came in, but enquiries for special machines have increased both from home and abroad, without however leading to many contracts. American competition is hampering the foreign market and is affecting even the home market to an increasing extent. The growing inflation in France and Belgium renders competition with those countries extremely difficult.

The position of the locomotive and wagon industry shows no great improvement. A few orders for locomotives came in from South America, but there are still none from the Reichsbahn. There has been no improvement in the agricultural machine industry this spring, owing to the unfavourable conditions prevailing in agriculture.

In the chemical industry the amount of employment decreased slightly. The export business in dyestuffs was unable to make headway. Contracts and consignments were fairly satisfactory in pharmaceutical and photographic articles and also in artificial silk. The home demand for fine chemicals increased, but foreign business left much to be desired (Wiesbaden, Halle, Görlitz).

The situation was not uniform in the electro-technical industry. Frankfurt-am-Main reports an improvement in the market owing to reduced prices, while Berlin complains that orders are falling off. In the motor industry conditions have somewhat improved, though the decrease in prices continues. The Elbing motor industry, however, has had to reduce its activity by half. The position of the shipping industry is very serious (Kiel, Elbing). The film industry has shown increased activity as compared with the previous month, but only 415 out of 720 available days in the various studios were utilised.

Occupation in the building market has become rather more favourable with the turn of the year, but leaves much to be desired. The erection of business establishments and large private houses is at a standstill. The work at present in hand consists chiefly in developing the schemes drawn up last autumn. There was increased activity on the building materials market.

In the lime industry a good demand from agriculture was counterbalanced by a very poor one from the iron and steel industry. Business was a little brisker in the timber market, though the demand from the paper market was very small. There was very little activity in the book printing industry. In the newspaper industry advertisement business is very depressed. The situation in the book trade has become more acute; price reductions and clearance sales have not affected any improvement in the general position.

A general improvement has begun in the conditions of the spinning mills. Business in the wholesale cloth trade has also been more animated since the beginning of the spring (Berlin, Aachen, Kottbus). An improvement was expected in the cotton industry, but occupation in general was very slight (Berlin, München-Gladbach). There was still no sign of improvement in the

silk and velvet industry, but in the wholesale silk and velvet trade the number of orders increased somewhat (Crefeld). The position of the linen industry is still bad, but there are some signs of improvement in the underlinen industry (Kottbus, Bielefeld, Barmen-Elberfeld, Breslau).

There was a slight improvement on the leather market. The leather industry is buying quantities of hides and fells, and though the industry has worked up to the present under restricted conditions it will be possible to increase the output, especially in seasonal goods, for which the demand has sometimes been greater than the supply. The shoe factories are buying leather again, though a number of factories are working part-time only.

The position of the margarine factories and the margarine trade was generally satisfactory (Crefeld, Altona, Berlin, Halle, Harburg). The situation of the meat and fish industries was unsatisfactory, and there was no great improvement in the conserve industry (Bielefeld, Frankfurt, Stralsund). The brewery industry has developed favourably on the whole.

The wine business was rather more brisk. Production was strictly limited in the tobacco industry, working restrictions having to be resorted to in some cases (Minden).

In the retail trade business was enlivened by the Easter holidays. Food stores and chemists were satisfied with their turnover on the whole. The manufactured goods branch reports increased takings. The building materials business shows a slight improvement. In articles of clothing and footwear business in general is below the level for 1925 (Halberstadt, Berlin, Barmen, Elberfeld). (*Frankfurter Zeitung*, April 7.)

SOCIAL AND LABOUR CONDITIONS

The Cost of Living.—The decrease in the cost of living maintained in January and February has continued through March, though somewhat more slowly. The existing difficulties with regard to sales have but little effect on prices, and reductions chiefly occur in the case of goods subject to foreign influence as regards the fixing of prices, such as metals and textiles. The German grain market is at present set in a contrary direction to the world market. A speculative rise in Chicago followed by a slump had little or no effect on the German market, where the treatment of the rye valorisation question has had a stiffening effect, which has touched not only rye but wheat and all the other varieties of grain and their by-products. Apart from this, the German market has followed the foreign markets fairly consistently, though it should be remembered that where finished products are concerned cartel prices are given which are often undercut in trade. The general index number for 100 articles has dropped 0.9 per cent., 18 articles are dearer and 28 cheaper. The development of the index number in the individual groups is shown in the following table:—

	January 29.	February 27.	March 30.
Food and delicacies ...	139.05	134.20	133.14
Textiles and leather ...	167.14	159.10	158.97
Minerals ...	133.99	135.55	131.63
Sundry ...	132.13	133.38	134.38
Industrial finished products	139.70	139.42	137.69
Total index of 100 goods ...	140.69	138.73	137.50

In Group I. (food and delicacies), in which 7 articles were lower and 9 higher, there is a decrease of 0.8 per cent. Apart from the grain prices, fodder has risen slightly. Fruit, eggs, lard, butter and hops are cheaper. There is little change in Group II. (textiles and leather); the index number has dropped 1 per cent., the four increases (hides, leather, rubber and wool) equalising the decreases in textiles, raw materials and semi-manufactured goods. In Group III. (minerals) prices for base metals and silver have dropped considerably. This group, with an index number decline of 2.9 per cent., shows the heaviest drop, eight prices having decreased and none increased. In Group IV. (sundry) five prices

have risen, including benzine, benzole and fertilisers, while prices for firewood and building wood only have decreased. The index number of this group has risen by 0.7 per cent. Group V. (industrial finished products) shows a decrease of 1.2 per cent., five articles having fallen and none risen. In this group there is a great deal of underbidding which cannot be shown in the index number, which is based on cartel prices. Textile and wood products are chiefly subject to underbidding.

The comparison of 10 foodstuff prices in the wholesale and retail trade also shows a tendency to decrease, in the first case by 1.7 and in the second by 2 per cent. :—

	Wholesale.	Retail.
Dec. 31, 1924 ...	171.16	163.04
April 29, 1925 ...	143.09	145.37
July 30, 1925 ...	156.58	156.72
August 31, 1925 ...	151.10	146.07
Sept. 30, 1925 ...	152.35	150.36
Oct. 30, 1925 ...	149.75	150.49
Nov. 30, 1925 ...	150.96	152.28
Dec. 30, 1925 ...	149.18	150.77
Jan. 29, 1926 ...	147.78	148.00
Feb. 27, 1926 ...	141.99	144.94
March 30, 1926 ...	139.54	142.13

(*Frankfurter Zeitung*, April 1.)

HOLLAND

POLITICAL AND GENERAL

Extension of Discount Facilities to German Banks in Holland.—The Bank of the Netherlands, says the *Gazette de Hollande* (April 9) has announced that it is prepared in principle to extend discount facilities to German banks and bankers established in Holland subsequent to 1914, and to declare their acceptances discountable, subject to the following regulations.

For the discounting of acceptances it is required (1) that the acceptor be a resident in Holland and either a Dutch national or registered as a Dutch firm or company; (2) that every acceptance before being issued shall be submitted to the Bank of the Netherlands, the Bank reserving to itself the right of making special arrangements in the case of small amounts by which bills of exchange may be notified after acceptance; (3) that bills of exchange shall be pure reimbursement bills for the financing of imports into the country of the person for whose account they have been accepted; (4) that proof that the acceptance corresponds with the above requirements be laid before the Bank of the Netherlands if so desired, the acceptor being obliged to allow inspection of the necessary documents in his office should the Bank so desire; (5) that every bill of exchange discountable in principle be reported to the Bank immediately upon acceptance, with particulars of date, amount, the mark agreed upon, and the transaction to which it has reference; (6) that the acceptor send in his balance-sheet and profit and loss account regularly to the Bank, with adequate explanatory notes. When declaring any acceptance in principle discountable, the Bank of the Netherlands leaves for the moment the financial strength of the signatories to the bill out of consideration. The decision in respect to this is taken when the bill is presented for payment. Attention, however, is paid to the proportion of the acceptor's assets to the total amount of his acceptances.

For admission to discount it is required (1) that the discounter be established in Holland or registered as a Dutch firm or company; (2) that he shall regularly submit his balance-sheet and profit and loss account to the Bank of the Netherlands, with adequate explanatory notes, the Bank eventually to be allowed to inspect the necessary documents and books in the discounter's office. The amount to which the Bank of the Netherlands will discount bills will depend partly on the assets of the discounter, but a guarantee for the obligations of the discounter given by a third party may influence the decision. The Bank of the Netherlands further reserves to itself the right to refuse discount of certain bills without giving any reason for such action. The grounds for such refusal might be (a) too little variation

in the discounts as regards amounts and the signatories to the bills; (b) the financial strength of the signatories at the date the bills are presented; (c) too great one-sidedness in the matter of the discount.

Although the above conditions seem very onerous at first sight, writes the *Algemeen Handelsblad*, it would appear on enquiry that the decision has been received with great satisfaction in German banking circles, where in fact general admission to discount by the Bank of the Netherlands had not been expected. With regard to the question of nationality, it is a well-known fact that, with the exception of the Deutsche Bank, all German banks established or represented in Holland have adopted the form of Dutch banks. For the present, therefore, the Deutsche Bank will be excluded from the arrangement. Obviously the reason why the condition of Dutch nationality has been imposed is because it would be easier for a foreign bank to discontinue a business carried on in the form of a branch office than if it were in the form of a Dutch limited company. But, it is pointed out, in the event of bad faith even the latter form affords no sufficient guarantee, as such a business could be drained by the mother bank; only the condition laid down by the Bank of the Netherlands makes for greater security. Further, the condition of Dutch nationality is in the interest of Holland, as it would be difficult for a branch of a foreign bank to transfer profits made in Holland to the head office in order to evade taxation. As regards the effect of the new arrangement on the discount market, it is generally expected, says our contemporary, that in the near future this market will not become much easier. In fact, when the German banks established in Holland issue to an increased amount credits in guilders, which so far they have done partly through London and therefore in pounds sterling, the change will require a certain amount of preparation. The overseas exporters who draw in guilders must have the certainty of being able to sell their bills in their own market. If business develops as it is hoped it will, it may be expected that more Dutch capital will in future be invested in discounts, so that in times of easy money capital will show less inclination to be diverted to other countries, as has happened of late, unless the difference in interest is too considerable to prevent its leaving the country.

TRADE

Foreign Trade Returns for January and February.

—The foreign trade returns for January says *In- en Uitvoer* (March 1), afford no grounds for rejoicing when compared with those for the preceding months. The value of the imports was equal to that for December and to the average for 1925; but on the export side the value was Fl.19 million less than in December and actually Fl. 28 million below the average for last year. As a matter of fact exports in January represented only 59.5 per cent. of the imports. The returns for February, however (*ibid.*, March 29), were somewhat better, as imports showed a reduction of Fl.8 million and exports an increase of Fl.8 million as compared with January, the adverse trade balance working out at Fl.67 million as against Fl.83 million. The subjoined tables give analyses of the returns according to the following classification of goods: (a) Live stock; (b) Foodstuffs for man and beast and beverages—(i) raw materials and semi-manufactured goods, (ii) manufactured goods; (c) Raw materials and semi-manufactured goods—(i) of animal origin, (ii) of vegetable origin, (iii) of mineral origin; (d) Manufactured goods; (e) Other goods; (f) Gold and silver specie and bullion:—

JANUARY.

		Imports.		Exports.	
		Tons.	Fl. (1,000).	Tons.	Fl. (1,000).
(a)	...	1,231	403	853	700
(b)	i	261,987	44,955	88,805	23,212
	ii	112,308	16,956	69,450	28,628
(c)	i	9,427	8,068	5,439	3,234
	ii	203,862	45,820	28,082	10,014
	iii	959,687	22,294	528,472	7,688

		Tons.	Fl. (1,000).	Tons.	Fl. (1,000).
(d)	...	320,578	67,127	194,696	47,222
(e)	...	1,145	369	1,904	881
		1,870,225	205,092	917,702	121,579
(f)	...	12	16,517	1	128
Total	...	1,870,237	221,609	917,703	121,707

FEBRUARY.

		Imports.		Exports.	
		Tons.	Fl. (1,000).	Tons.	Fl. (1,000).
(a)	.....	1,107	385	671	580
(b)	i	218,673	37,025	96,540	24,065
	ii	101,340	15,048	79,308	30,253
(c)	i	9,331	8,337	6,359	3,255
	ii	157,055	37,774	30,616	11,104
	iii	1,159,841	23,759	556,280	7,592
(d)	...	373,828	74,797	188,625	51,432
(e)	...	1,313	346	2,939	1,465
		2,022,488	197,470	961,337	129,746
(f)	...	1	413	2	1,209
Total	...	2,022,489	197,883	961,339	130,955

With regard to the exchanges of manufactured goods, it is pointed out that these show a falling off in January as compared with the corresponding month of 1925 of only Fl.7 million, Fl.6 million of which being in respect of manufactured foodstuffs and beverages (pure lard, margarine, wheaten flour and sugar), whereas the falling off in the total export trade of the country was Fl.18 million. It is satisfactory, however, to know that the trades which give employment to the largest amount of labour have been least affected by this decline. In February, on the other hand, the imports of manufactured goods showed an increase of Fl.3 million as compared with February 1925, while the exports rose to the extent of less than Fl.1 million. The following table summarises the trade in manufactured goods for the first two months of the year—(a) Foodstuffs and beverages, (b) Other goods—for 1925 and 1926:—

		Imports.		Exports.	
		Tons.	Fl. (1,000).	Tons.	Fl. (1,000).
(a)	...	149,777	27,904	169,709	66,979
(b)	...	833,265	147,186	337,774	97,040
Total	...	983,042	175,090	507,483	164,019
		Imports.		Exports.	
		Tons.	Fl. (1,000).	Tons.	Fl. (1,000).
(a)	...	213,648	32,004	148,758	58,881
(b)	...	705,961	143,509	383,879	98,768
Total	...	919,609	175,513	532,637	157,649

Anglo-Dutch Trade Statistics.—Anglo-Dutch trade has become more intensive during the past few years, and Dutch exports to England in particular have steadily increased, says the *Telegraaf*, which gives the following figures of both imports from and exports to that country for the last five years:—

		Imports from England.	Exports to England.
1921	...	Fl.312,031,837	Fl.351,617,617
1922	...	323,569,214	302,968,565
1923	...	308,317,292	359,601,021
1924	...	305,600,289	413,923,305
1925	...	392,090,008	468,297,582

The value of Dutch exports to Great Britain in 1925 actually represents 26 per cent. of Holland's export trade.

As compared with 1924 Dutch trade with Great Britain shows considerable changes in the following fifteen categories of goods, the figures for which (in thousands of florins) are supplied by the Dutch Statistical Bureau:—

		Imports from Great Britain.		Exports to Great Britain.	
		1924.	1925.	1924.	1925.
1.	Live stock and animal products	27,367	24,275	151,206	185,368
2.	Vegetable products	21,844	78,037	51,517	56,231
3.	Minerals, metals and products not included in other groups	63,883	46,416	17,495	14,728
	Gold and silver specie and bullion	12,107	67,802	13,845	70,303

	Imports from Great Britain.		Exports to Great Britain.	
	1924.	1925.	1924.	1925.
4. Flour and flour products ...	1,353	2,492	14,074	13,162
5. Chemical products, medicines, paints, dyes, etc. ...	6,085	5,580	13,098	12,008
6. Oil, resin, wax, pitch, tar and distillation products of tar and substances manufactured from such materials not otherwise specified ...	21,271	24,356	22,200	32,334
7. Wood and articles manufactured from wood and such like materials, and furniture of all kinds ...	1,512	2,633	4,327	4,621
8. Hides, fells, leather and leather ware ...	7,916	8,876	14,468	10,763
9. Yarns, rope and rope-work, tissues and fabrics, clothing and articles of fashion ...	107,193	117,731	26,141	34,148
10. Earthenware, china-ware, pottery, bricks and artificial stone ...	931	1,204	1,132	2,269
11. Glass ...	322	355	3,351	3,443
12. Paper ...	3,250	3,450	21,786	20,690
13. Articles of consumption not included under 1, 2, 4 and 6 ...	8,301	43,407	59,580	58,992
14. Vehicles, watercraft and aircraft ...	6,522	7,397	676	3,583
15. All other goods ...	27,848	27,880	12,815	15,356
Total ...	317,707	459,892	427,709	538,601
Total excluding gold and silver specie and bullion ...	305,600	392,090	413,863	468,298

LATVIA FINANCE

The Financial Situation.—Latvian revenue returns have shown considerable falling off in comparison with the past financial year. Up to February 1 the receipts were Lat.16 million less than the amount estimated in the Budget. The shortage chiefly originates from the exploitation of forests and the flax and spirit monopolies. It may therefore be expected that the financial year will close with a deficit, or at best barely balance.

The Latvian State railways returned a revenue of Lat.3,015,668 in the month of February as compared with Lat.2,374,533 in the same month of last year. The conveyance of passengers returned Lat.820,711, luggage Lat.71,065; freight, Lat.1,853,440; and sundries Lat.270,452. The revenue of the State railways in the eleven months ending February 28 amounted to Lat.30,820,439 as compared with Lat.29,141,114 in the same period of the previous Budget year.

According to official statistics a total of Lat.31.08 million in coin was in circulation on February 1, 1926, of which Lat.7.30 million was in the Bank of Latvia, while Lat.23.78 million or 76.51 per cent. was in circulation. The Treasury notes in circulation amounted to Lat.32.60 million, in addition to which Lat.5.64 million of Treasury notes were lodged in the Bank of Latvia.

The following legal tender was in circulation on February 1 (in millions of Lats):—

Banknotes.	State Treasury Notes.	Coin.	Total.
27.38	32.60	23.78	83.76

In comparison with the money in circulation on January 1 the total has somewhat decreased. Bank-notes contributed 32.7 per cent., Treasury notes 38.9 per cent., and coinage 28.4 per cent. of the total money in circulation. (*Riga Times*, April 3, *Rigasche Rundschau*, No. 52.)

TRADE

Foreign Trade in 1925.—Statistics of Latvian foreign trade for 1925 are now available, so that it is possible to make a comparison between the trade of Latvia and Estonia. The following table, which is calculated in millions of Estonian marks, shows details of the trade balance of the two countries:—

	Imports.		Exports.	
	Latvia.	Estonia.	Latvia.	Estonia.
1923 ...	15,264	9,332	11,964	5,712
1924 ...	18,432	8,204	12,240	7,866
1925 ...	20,160	9,655	12,960	9,665

The deficit in Latvia's trade balance has thus risen from E.Mk.3.3 milliard in 1923 to 6.2 in 1924 and 8.8 in 1925, amounting last year to the value of nearly the whole of Estonia's imports. In Estonia, on the other hand, the deficit has been reduced from 3.6 milliard to 0.4 in 1924, while imports and exports balanced in 1925. The analysis of Latvian imports shows that 75 per cent. of last year's imported goods consisted of finished products and foodstuffs, the remainder representing raw material and semi-manufactured goods. It is of interest to note that 53,137 head of live stock were imported and 5,162 head exported. About 60 per cent. of the exports consisted of raw materials and semi-manufactured goods, and 40 per cent. of finished products and foodstuffs, the export of butter having increased 100 per cent. as compared with 1924. The total exports of Latvia have increased very slowly. In 1923 the value of Latvian exports was double that of the Estonian, whilst in 1925 Latvia's excess over Estonia was only 25 per cent. According to the number of Estonia's population, Estonia is more largely represented on the world market than Latvia in proportion to hers. Estonia's exports represent about 25 dollars per head of her population, and Latvia's about 20 dollars per head of hers. (*Revaler Bote*, No. 63.)

Alterations in the Customs Tariff.—The Latvian Landtag in its session of March 24 passed a number of alterations in the Customs tariff, to come into force 24 hours after publication. The following articles are subject to increased duty: (a) 20 or 25 per cent. increase—earthenware, porcelain, plate glass and mirrors, wool, cotton tissues and woollen materials; (b) 50 per cent. increase—fresh vegetables, preserved fruit not hermetically sealed, strong alcoholic beverages, wines, candles, hides and skins, boots, cut flowers, indiarubber, vegetable oils, red and white lead and zinc white, electrical appliances, silk yarns, ribbons, velvet and plush, finer quality cotton tissues, jute flax or hemp tissues, felt, woollen materials, tulle, lace, embroidery, underlinen, hats and fancy toilet articles; (c) 100 per cent. increase—nuts, bottled fruit, cheese, cabinet-makers' wares and turnery, rubber mixed with other materials, hard rubber manufactures, saccharine and pharmaceutical preparations, toilet powder and cosmetics, colours and dyestuffs, copper manufactures, tinplate articles, firearms, clocks and watches, pianos and silk or half-silk tissues.

Grand pianos are subject to an increased duty of 300 per cent., and other articles on which various increased duties are levied are wheat, peas and beans, chocolate, sweets, jams, caviare, Portland cement and cinema films (Lat.5 per kg. gross weight).

According to the *Rigasche Rundschau* of March 27, the Minister of Finance, M. Blumberg, has stated that no increased revenue is expected in consequence of the raised tariff. The object of the Government in making the increases is to curtail imports, and the articles affected are only those which are or can be produced within the country. As regards the rumours of a possible increase in the cost of living in consequence of the new duties the Minister of Finance believes that the small number of articles affected cannot play any decisive part in that respect. A typical example of the result of an increased tariff may be seen in the case of Lithuania, where raised duties came into force in January without any increase in the cost of living

resulting therefrom. The new duties will in any case have a stimulating influence on Latvian industry and will check the flow of money out of the country.

INDUSTRY

Industrial Development in 1925.—According to statistics published by the Ministry of Finance, on January 1, 1926, there were in Latvia 3,200 industrial undertakings employing about 51,300 workers. The number of undertakings has thereby increased by 602 in the course of the past year, and the number of workers has been augmented by 3,200.

The following increases are shown in the various branches during 1925: Of the 361 undertakings in the textile industry 65 are new additions and employ about 500 hands, bringing the total number of persons employed in the textile industry to 7,000; in the paper and printing industry 21 new undertakings are included in the total of 139, with about 100 new hands, bringing the number up to 5,400 in all; in the wood industry, out of a total of 274, 69 are new undertakings, and the increase in the number of hands was from 9,600 to 10,000; in the metal industry 68 new establishments with 400 hands brought the total up to 346 undertakings and 9,600 hands; the mineral industry experienced an increase of 25 new concerns with about 150 hands (127 undertakings with 3,600 hands); in the animal products working up industry 47 new undertakings were launched employing about 300 hands (144 undertakings with 2,300 hands). The foodstuffs and delicacies industry increased by 220 new establishments and 800 hands (total 1,381 undertakings with 9,000 hands); the chemical industry included 65 new concerns with 400 hands in its total of 153 concerns with 2,800 workers; finally, 22 miscellaneous concerns were established employing 150 hands, the present total under this heading being 120 with 1,600 hands.

From these figures it may be seen that the greatest number of new undertakings, 220, is in the foodstuffs and delicacies industry; then follow the wood industry and the metal, textile and chemical industries.

The following table shows the development of Latvian industry:—

	Undertakings.	Number of hands.
1921 ...	1,709	28,643
1922 ...	1,906	31,827
1923 ...	2,032	40,616
1924 ...	2,598	48,134
1925 ...	3,200	51,200

These figures show plainly that the basis of Latvian industry is both strong and sound, with the best of prospects for the future. (*Rigasche Rundschau*, No. 62.)

The number of official bankruptcies in 1925 amounted to 148 involving Lat.663,903, as against 18 in 1924 to the amount of Lat.70,560. In January 1926 two Riga firms announced their insolvency. (*Ibid.*, No. 52.)

Position of the Glass Industry.—There are at present two Latvian firms, the "Stikls" and "Annahütte" Companies, which are engaged in the production of window glass. These two firms each employ about 300 hands, their number being doubled during the busy season. The output amounts to about 275,000 sq. metres of glass per annum to a value of Lat.864,000. This industry has recently been very hard hit by foreign competition. Last year about 220,000 sq. metres of glass to a value of Lat.700,000 was imported, chiefly from Czechoslovakia, which country, under pressure of over-production, exports glass below cost price. The manufacturers are now asking for a 25 per cent. higher protective duty on imported glass to enable them to make technical improvements and reduce the cost of production. They maintain that with this assistance they would soon be in a position not only to satisfy the home demand, but to produce for export. If, however, no steps are taken to protect this industry by increasing the import duty on foreign glass, they will be forced to close down entirely. (*Rigasche Rundschau*, No. 62.)

AGRICULTURE

Development of Agriculture and Farming.—The *Riga Times* (April 3) publishes statistics of the area under cultivation, showing the development since the war as compared with pre-war results (in thousands of hectares):—

Year.	Rye.	Wheat.	Barley.	Oats.	Potatoes.	Flax.
1909-1913	350	32	191	305	79	69
1920 ...	196	15	123	261	49	30
1921 ...	226	18	146	299	58	34
1922 ...	236	28	156	320	69	37
1923 ...	266	42	178	383	79	56
1924 ...	266	43	179	411	74	60
1925 ...	266	48	176	386	79	78

The acreage under wheat and flax cultivation has increased at the expense of barley and rye. No change has occurred in the area under rye since 1923. The chief increases in comparison with pre-war figures are in wheat, oats and flax, the high prices offered acting as a stimulus in the last case. The area under oats increases with the number of horses. Exports of barley, oats, peas and bran brought in Lat.1,758,234 in 1924, while the import of wheat, rye, barley, oats and wheaten flour represented Lat.32,454,000, and there has been little improvement since then in the situation. These figures clearly indicate the necessity for further agricultural development.

According to official statistics there were in 1913 the following numbers of live stock: 912,000 head of horned cattle, 996,000 sheep and 557,000 pigs as compared with 905,000 head of horned cattle, 1,235,000 sheep and 458,000 pigs in 1924. The home supply of meat suffices for home requirements and leaves a margin for export. The 1924 returns for meat exports amounted to Lat.1.17 million, in 1925 Lat.3 million and in 1926 (estimated) Lat.6 million. It is estimated that the farmers slaughter and sell on the spot 150,000 head of cattle 400,000 sheep and 350,000 pigs.

The dairy industry is also making great progress. Before the war there were 88 dairies, as compared with 444 on January 1, 1926. A start is usually made with a hand-worked dairy, which is later converted into a steam plant business. There are two large co-operative organisations engaged in establishing dairies; the "Konsums" Company and the Latvian Central Dairy Union. The "Konsums" Company equipped last year 173 concerns, including 16 steam dairies, 12 petroleum motors, 2 electrical plants and 14 hand-worked dairies. In addition to this five creameries with petroleum motors and 18 hand-worked establishments were set up, making a total of 44 dairies and 23 creameries.

The 1926-27 Budget provides Lat.3.5 million for loans to the dairies. This sum will be spent on dairy plant and on the erection of new buildings, and it is expected that about 150 new power dairies will be established.

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.

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THE ECONOMIST'S BOOKSHELF.

FACTORY LEGISLATION IN ENGLAND.

Factory Legislation and its Administration 1891-1924.

By H. A. Mess, B.A., Author of "Casual Labour at the Docks," etc. (London: P. S. King & Son, Ltd. Price, 12s. 6d. net.)

To the students of industrial history the study of factory legislation and its administration has, largely owing to the labours of Miss B. L. Hutchins and A. Harrison in their work "History of Factory Legislation," long proved one of the most interesting and profitable chapters figuring in their enquiries, and it is among the merits of Mr. Mess's new work that it supplements invaluable that earlier and indispensable survey of the same field. Mr. Mess is perhaps less concerned with the task of producing a purely historical narrative than were the earlier writers above-mentioned, but his work reaches out boldly towards other directions of real practical importance, and he succeeds in condensing lucidly a mass of material, otherwise not easily accessible, relative to administrative problems and to the legal aspects of the existing legislation. For more than thirty years experiments in factory legislation and its administration have occupied public attention, and, in spite of all criticism to the contrary, immense strides have been made. It is the purpose of Mr. Mess's book to give a history of those efforts, to record the achievements, and to point out and to comment on some omissions and some failures of the period. Good as the whole book will prove to those who study it, we cannot refrain from expressing the hope that attention will be fastened on the comments Mr. Mess makes concerning the omissions and failures he detects in the period under his review.

In accounting for the progress made in factory legislation and its observance, Mr. Mess does not hesitate to attribute a great deal to the zeal and competence of the factory inspectors. They have, he points out, had the advantage of wide experience, and they have carried ideas from one factory to another factory and from one industry to another industry. They have been fertile in suggestions and sometimes, as in the case of Mr. L. McNair who invented safety devices for the baking industry, in more than suggestions. Much, he thinks, may be attributed to professional pride, to that joy which most men and women take in doing well a piece of work for which they are responsible and in which there is scope for their talents. Few, if any, will feel disposed to deny this great and well-intentioned tribute to the factory inspectorate, especially in these days which find the average official labouring, and labouring socially, without thanks and without praise, and in a direction in which anything short of vigilance on their part might prove fraught with disastrous consequences.

The pioneering work of the best employers has, in the opinion of Mr. Mess, been the second biggest personal factor, and much of the legislation his work records is just an effort to bring the rank and file of employers nearer to their experiments and practice. Many of the regulations for dangerous trades originated in this manner, and not a few improvements have been due to the ingenuity and research of works chemists and works engineers. The introduction of the latter into industry was largely due to the foresight of enterprising employers, though, perhaps, it would be possible for one to over-state and make too much of the underlying motive in this case. As has so often happened in industrial history a shot aimed at one mark very effectively has hit another, and with ensuing cause for congratulation.

The main findings of this book, Mr. Mess tells us, can be summarised in a few sentences, and they are worth a brief recapitulation here. The period 1891-1924 is marked by great advances in factory legislation. The principle of *laissez faire* was virtually abandoned.

Medical and chemical science were applied to problems of industrial hygiene. The greatest improvements recorded were in unhealthy trades. There was no corresponding advance in safety, in spite of some successes here and there. Industry is probably almost as dangerous to-day as it was in 1907, and it was distinctly more dangerous in 1907 than it had been in 1891. The reduction of the number of accidents is a task needing the most serious attention. *This is, of all that is written in this book, that which needs to be stressed most.* The italics are Mr. Mess's own. The present high accident rate, he goes on to affirm, is taken as a matter of course by far too many people, employers, the workers and the general public. The disappearance of children from the factories is one of the outstanding good features of the period, but the legal regulation of hours of work has made little advance, and lags badly behind the common practice of to-day. Fresh industries have been brought within the scope of the Factory Acts. There remain other industries, notably house decoration and navvying, which should receive protection. Mr. Mess thinks that a survey should be made of all industrial labour in order to see what protection it needs and obtains. The law, he finds, is reasonably well obeyed in this country, but the number of factory inspectors is inadequate to their task. Organised industries should take more and more part in helping to frame legislation and to enforce it, but the community should not in any way abrogate to them its ultimate responsibility. The establishment of the International Labour Organisation Mr. Mess regards in conclusion as potentially the most important happening of the years 1891-1924. It should, he believes, remove the fear of unequal competition, which has been one of the most powerful obstacles to progress in factory legislation. Moreover, there are likely to be immense gains from international surveys of industry, from the setting up of international standards, and from exchange of administrative experiences. The work is well-indexed and a most useful bibliography is appended.

ENGLAND AND THE WORLD.

England and the World. Essays arranged and edited by F. S. MARVIN.—Unity Series. No. VII. (London: Humphrey Milford, Oxford University Press. Price, 10s. 6d. net.)

This, the seventh volume of the "Unity" Series for which Prof. F. S. Marvin is responsible, follows a School held at Bournemouth during the Easter week of 1925. In the preface, Prof. Marvin tells us that it was suggested by a desire expressed at the International Moral Education Conference of 1922 at Geneva that the history taught to all the nations of the world should have an international as well as a national bearing. It should have regard to the position of each nation in the international order, what each people has gained from and given to the others in the course of its evolution. Such an idea has been the inspiration of all the writers who have contributed to this volume, and it is at the root of all the volumes in this series from the first onwards. It represents also an aspect of history teaching which the editor, in the course of his experience as an inspector of schools, has found much needed by teachers in all classes of schools from the elementary upwards. With the need for a less purely nationalistic bias in history teaching most of us are now conversant, and it is largely due to the efforts of Prof. Marvin and some of his collaborators that such a need is being understood, properly appreciated, and fed with the best fruit of historical scholarship. As to the desirability, even the necessity, of this main object there can be, as Prof. Marvin rightly says, no two opinions: "We must learn to appreciate our mutual debts and our mutual need of service if mankind is to face the future with any greater hope of united action or peaceful progress." If the present volume is found to meet the demand of teachers at all adequately, it is hoped later on to produce a shorter and simpler work more suitable for beginners. In the meantime,

those who are interested in the question of reaching the beginner should not delay reading the very excellent paper contributed to this volume by Mr. F. J. Gould. It is neither desirable nor fair, however, that a reader should be referred to this, that, or the other chapter in what is a truly excellent volume when regarded as a whole, and if we depart from this ruling it is only in the hope that the essays of say Mr. W. J. Perry, Mr. R. G. Collingwood, Dr. A. J. Carlyle and Dr. G. P. Gooch, will, when read here, compel the reader to dip further into the other work of such writers. Mr. Perry's paper is entitled "The First Civilization of England," and covers ground upon which he is as competent to speak as anyone; the same remarks apply to Mr. Collingwood, who writes on "Britain and the Roman Empire." Both of them deserve a wider audience. Dr. Carlyle deals, of course, with the Middle Ages, and Dr. Gooch with the eighteenth and nineteenth centuries. Dr. Gooch concludes his paper on the nineteenth century in the following manner, and his sentiments find an echo in most of the other essays:—"The moral of our rapid survey is that we are living in a world whose parts are connected with one another by a thousand visible and invisible threads; that, as the countries advance, the contacts increase in number and intimacy; and that the perils which beset us can only be overcome by the joint endeavours of men and women of good will in every land. The eighteenth century was the age of cosmopolitanism, the nineteenth of nationalism. The task of the twentieth is to find a synthesis which combines what is best in the one-sided ideals of its predecessors, and allows every branch of the human family to find security and self-realization in the larger life of mankind."

SHORT NOTICES.

The Newspaper Press Directory and Advertiser's Guide. (London: C. Mitchell and Co., Limited. Price, 5s. net.) This is the eighty-first annual issue of this excellent directory and guide, of which it is no exaggeration to say that it is "the standard work of reference with respect to the Press." It is generally recognised as "official," not only in regard to the Press of Great Britain and Ireland, but also the British Dominions Oversea. In connection with this latter section the present issue contains an informative article on Inter-Imperial Trade and in which is discussed the general conditions and prospects of trade within the British Empire. Other special articles of note are written by The Rt. Hon. Sir Joseph Cook, G.C.M.G., High Commissioner for Australia, entitled "Australian Overseas Trade," and by the Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand, entitled "New Zealand's Part in Inter-Empire Trade." In addition to these are other articles of interest to the newspaper world—"Things that Matter in Advertising," "The Trend of the Modern Press," and "The Legal Year in its Relation to the Press." The Newspaper Press Directory shows that there are at the present time 2,149 newspapers in Great Britain and Ireland, distributed as follows: London, within the postal radius, 406, of which 23 are morning dailies and 5 evening dailies; the English and Welsh provinces, including localised issues, 1,330, of which 37 are morning and 79 evening dailies; Scotland 235, including 7 morning and 9 evening dailies; Ireland 162, including 8 morning and 6 evening dailies. Immediately preceding the gazetteer section of each country is a review of the trade of that country with a classified list of tariffs, duties, etc., showing the preference given to British goods where operative. It is doubtful if the whole range of information afforded can be found so complete, comprehensive, and cheaply in any other single volume.

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FOREIGN AFFAIRS

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STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date 1920.	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average
Jan. 16	367.9	296.6	1923			Apr. 18	177.5	164.7	July 17	160.8	157.5
May 14	391.2	325.5	Jan. 12	162.8	157.0	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Feb. 16	177.2	157.5	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921			Apr. 20	198.5	162.0	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	May 18	198.1	159.8	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
Apr. 15	202.8	204.8	June 15	190.0	159.3	Oct. 17	172.5	170.2	1926		
July 15	194.4	194.1	July 20	177.3	156.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	1925			Mar. 12	146.1	144.4
Dec. 30	150.0		Oct. 19	166.0	158.1	Jan. 16	174.8	171.0	" 26	145.2	
1922			Nov. 16	171.7	160.8	Feb. 13	175.2	168.9	April 2	146.5	
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Mar. 13	172.8	166.3	" 9	145.7	
May 19	162.1	160.6	1924			Apl. 17	161.9	162.5	" 16	148.1	
July 14	165.1	160.3	Jan. 18	178.6	165.4	May 15	158.7	159.0			
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	June 19	160.6	157.6			
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4						

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
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
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. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	... Mar. 26
Apr. 9 ...	72.2	162.3	60.4	106.1	88.3	102.2	92.8	110.7	100.7	75.3	97.10	... Apr. 9
" 16 ...	72.2	170.0	60.4	107.0	88.1	106.2	89.9	111.5	102.2	80.0	98.75	... " 16

* Revised Quotation.

SECURITY PRICES.

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

IN NEW YORK.			IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending	Indus- trials.	Bonds.*	Indus- trials.	Gilt edged.	Week ending.	Indus- trials.	Bonds.*	Indus- trials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7	1925, Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0	116.3	88.6	" 17	151.8	101.9	137.8	117.5
Aug. 20	80.3	90.4	105.4	93.3	June 6	158.2	105.3	128.0	115.3
Oct. 29	91.1	92.0	91.1	94.4	" 27	160.0	104.7	123.7	113.0
1922, Jan. 1	100.0	100.0	100.0	100.0	July 18	165.9	103.2	120.4	115.5
May 13	114.6	102.4	114.9	117.9	Aug. 1	165.8	101.5	122.2	115.7
Sept. 16	123.8	107.6	115.2	112.5	" 22	176.2	102.5	126.3	117.3
Oct. 7	123.9	106.1	113.3	111.7	Nov. 7	195.4	102.7	134.1	114.7
1923, Jan. 1	121.7	102.5	119.5	113.3	Dec. 19	188.9	103.3	130.6	112.8
Mar. 17	129.2	98.5	129.3	117.0	1926, Jan. 2	195.5	103.6	133.3	113.0
" 24	127.3	97.8	129.0	118.1	" 9	196.1	103.6	135.1	113.1
Apr. 28	124.1	99.3	137.9	122.8	Feb. 13	199.9	104.9	132.0	114.8
June 9	119.7	100.8	130.6	123.5	Mar. 20	178.5	105.1	126.6	113.6
Oct. 27	105.7	99.7	126.5	119.7	Apr. 3	173.1	105.4	126.2	113.5
1924, Jan. 1	117.4	98.4	121.3	114.5	" 10	172.5	106.1	124.5	113.5
" 19	119.1	100.1	119.1	112.2	" 17	168.7	106.9	121.8	113.3
June 21	115.3	103.3	118.2	118.0					
Nov. 8	130.1	103.7	133.7	120.4					

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

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