ECONOMIC PROGRESS OF THE BALTIC STATES.

THE

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

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CONTENTS

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COMMENTS

The "statement" of the Conservative M.P.'s of "Impressions gained by a visit to Russia" has at last been published. Had they not quite candidly stated on the very first page of that curious document that they do not know what they are talking about it would at least have been possible to argue with them. But the report is "nothing more than an honest expression of views, rightly or wrongly formed during a very short sojourn in Soviet Russia." We do not see what new views the M.P.'s have formed at all, for they say nothing that was not already known, or that could not equally well have been ascertained from official or semi-official Soviet sources in London. Their statement that beside Bolsheviks they also met "representative types of Russian Foreign (?) and British business men" and "workers, peasants and soldiers *of every grade* of political thought" is too ridiculous for words. Once more the Soviet Government has succeeded in fooling simple-minded foreign visitors, who periodically visit Russia only to be duped and misled there. In one way, however, the M.P.'s report differs from similar documents issued by other trippers to the Soviet paradise. It gives an illuminating survey of the general political and constitutional position in which the fact is established "that the existing Soviet Government is an autocracy pure and simple" and that it is democratic in theory only. Mention is made of the crimes and atrocities committed by the Bolsheviks; and then, in conclusion, it is stated that if the Bolsheviks stop being Bolsheviks it will be possible to deal with them—for the first three points of the M.P.'s recommendations amount to nothing less than such a suggestion. Everybody will agree that if the Soviet Government adopted civilised and democratic methods, stopped its propaganda abroad and settled Russia's debts, everything would be splendid. But how can this be attained? We do not find a word about the prospects of a settlement in the report, which merely suggests that H.M.G. should watch the situation very carefully. This, we hope, it is doing anyway, even without the M.P.'s report. And as to German and American penetration of Russia this country need have no fears. Like a clever auction seller, the Bolsheviks are trying to induce various foreign countries to do business with them by stating that their competitors have already entered the field, and no doubt Americans and Germans are being warned by the Soviets against England's competition. We have heard of no great German or American undertakings in Russia, save the Wirth and Harriman concessions. But then this country has the Lena Goldfields concession, which is even more important than the others. In reading through the report we could not get rid of one melancholy thought: the four M.P.'s interrupted their journey and hastily left Russia because they were told by the Bolsheviks that a revolution had broken out in England. Was all the information they collected in Russia equally valuable and authoritative?

The various commercial treaties which Germany has been able to conclude of late with other Powers may be regarded as further evidence of improving conditions in the region of her foreign trade. The commercial treaty with Spain just concluded is for an unlimited period, and by it Spain has secured exemption from the duties payable on shipments of bananas and olive-oil to Germany as well as "most favoured nation" treatment for nearly 300 articles at present on the German Customs tariff. This includes agricultural, mining and industrial products, as well as wines. On the other hand, Germany reaps the benefit of certain preferential tariffs and the "most favoured nation" clause for 250 articles at present on the Spanish Customs tariff. The commercial treaty between Germany and Sweden is based on similar provisions of mutual advantage. In addition, however, this treaty concedes to German citizens resident in Sweden the same rights as Swedish subjects enjoy in various fiscal matters; it has been concluded for three years, and will be renewed automatically unless notice of termination is given six months before the date of expiration. For certain imports, such as potatoes and vegetables, Germany has been granted exemption of duties, while Sweden has secured for herself considerable advantages in regard to such articles as furs, hosiery, musical instruments, and gold and silver wares. The treaty further contains a stipulation of considerable importance to the German iron industry. Sweden binds herself not to levy any export duty on Swedish iron ores consigned to Germany. In return, Germany has conceded certain facilities in favour of Swedish iron and steel manufactures. We learn that the negotiations with Switzerland, which had to be temporarily interrupted, are likely to be resumed at an early date, and a treaty embodying satisfactory results to both of the contracting parties may be expected in the not distant future.

Several other features point unmistakably to activity in Germany's industrial life. Unemployment figures have decreased more rapidly during the past few weeks. This would seem to indicate that the large unsold stocks which had been accumulated during the period of depression, have now been disposed of, and that each increase in the demand leads now to increased production, thus tending to reduce unemployment. During April the balance of foreign trade was again in Germany's favour. Among the other things which have given a new impulse to life on the German Bourses during the last two weeks, the publication of the balance-sheet of the I.G. Farbenindustrie may be cited as something particularly stimulating. The annual report of this company, which was formed in December 1925 by an amalgamation of the leading German chemical works, shows that satisfactory progress has been made during its business year by this the largest of German industrial concerns. Gross profits have risen from 144 to 169 million Reichsmarks, while overhead costs have scarcely increased at all. This is the more remarkable since the savings resulting from amalgamation can only have begun to become effective in December 1925, when the combine took over control of the various works under its command. The report further states that the dyestuffs business has improved its position most satisfactorily; the company has, in particular, been able to secure and consolidate new outlets for its speciality, "fast to light" colours. Its exports of inorganic products have increased considerably, and the sales of pharmaceutical products reveal similar progress. The report also strikes an optimistic note concerning the prospects of the artificial silk business which was recently acquired by the Aniline Trust. With the "Vereinigte Glanzstoffwerke," the principal German manufacturers of art silk, this company is erecting new works for the manufacture of its speciality, "Acetate" silk, and it further contemplates establishing a factory for the manufacture of "Cuprammonium" silk in conjunction with the J. P. Bemberg A.G., a company associated with the Vereinigte Glanzstoffwerke. Such activities do not stand alone in German industrial life to-day, and, viewed together, spell the dawn of a new era of prosperity, although it must be remembered, of course, that Germany's chemical industries occupy a rather unique position and cannot serve as a general criterion.

A decree has just been published in Italy, and becomes effective as from the 30th of June next, which withdraws from the Banks of Naples and Sicily the privilege of acting as Banks of Issue. In future this privilege will reside exclusively in the Bank of Italy. The gold and equivalent reserves of the two former banks of issue will be transferred to the Bank of Italy, and the value thereof, calculated at the average price of gold ruling in April last, will be credited to the two southern banks, who will thus mobilise their reserves. They will, moreover, find themselves relieved from the tax on circulation, which in 1925 amounted to 38 million lire for the Bank of Naples and to 6 million lire for the Bank of Sicily. Thus, both the capital and annual income of these banks will be considerably increased, and they will be in a much better position to cope with the ever growing credit requirements of the southern Provinces. The wisdom of this policy is universally recognised, and the decision of the Italian Government, through the Minister of Finance, to acknowledge only one bank of issue has been heartily applauded in industrial and financial circles. Signor Pirelli, President of the Association of Italian Corporations, speaking recently on the questions of credit, currency and exchange, said: "A problem which affects not only our export activities but all the economic activities of the country is that of credit. Money is tight and its remuneration high. The influx of foreign capital has brought no appreciable alleviation; if it has increased for the country the available resources of currency it has not increased the liquid money available for internal needs. Although circulation is still in excess of what it was a year ago, its purchasing power has been considerably reduced by a rise in the price level, and the currency is, therefore, less than a year ago. Unfortunately, we here find contending needs which are difficult to reconcile. On the one hand, the needs of economic activity which call for more credit; on the other hand, the needs of the exchange market, rendered unduly sensitive by an inconvertible currency which deprives monetary policy of its freedom of movement. I am convinced that the economic conditions of the country would suffer much more severely from inflation or from failure to exercise a strict control over the currency circulation than they do from the present difficulties in the way of credit, and I therefore trust that the Minister of Finance will persist in the wise policy hitherto followed, which will be facilitated by the decision to recognise only one Bank of Issue."

In an interview given to the local Press with reference to the application of the proceeds of the loan recently contracted in London by the State of Sao Paulo Coffee Institute, Dr. Mario Tavares, the Secretary of Finance and *ex officio* President of the Institute, states that loans will not be made to coffee planters for any period longer than six months, but that any such operation will not in any way alter the regulations under which coffee is at present deposited in the controlling warehouses. Such coffee will be carried down to Santos at the usual time, whether consigned to the Institute or not. If any consignments of coffee arrive in Santos before the loan is liquidated, they will be stored in the Institutes' warehouses until the loan is refunded, but the planter will retain the same facilities as are granted by the various warehousing companies, that is, he may sell his coffee on condition that repayments of the loan be made to the Institute as lots are delivered to the buyer. Dr. Tavares further states that the rate of interest on such loans will be 9 per cent. per annum, and although it could be less, he does not consider it wise to place it much below the banking rate. He also added that these loans will be provided on the basis of 75 per cent. of the actual value of coffee, and that the Institute's funds will be placed on deposit in local banks, through which all the negotiations conducted by the Institute will be effected.

SPECIAL ARTICLES

ECONOMIC PROGRESS OF THE BALTIC STATES.

By Dr. L. Pumpiansky.

One of the results of the war and the revolution in Russia was the separation of her Western provinces on the borders of the Baltic Sea and the establishment of three new independent states, viz. Estonia with Reval (Tallinn) as capital, Latvia with Riga as capital, and Lithuania with Kovno as capital. This part of ancient Russia has withstood the waves of Communism thanks to the strong national sentiment which has developed since the beginning of the century among the Esths, the Letts and the Lithuanians, who for many centuries had lived under German, Polish and Russian rule, and to the great assistance they have received during their struggle for independence (1918 to 1920) from England and the United States.

These three Baltic countries have continued the political traditions of the democratic period of the Russian Revolution and have inaugurated a democratic constitution, which in Russia has been abolished by militant Communism; and in the process of developing into agrarian or peasant democracies they have succeeded in consolidating their political position.

The most difficult problems of the new States, however, consisted in the reconstruction of their economic life, which suffered greatly through the ravages of the war and had to be adapted in its entirety to the new economic conditions produced by their separation from Russia. Thus, all three countries have passed radical land reform measures, thousands of large estates have been nationalised and divided up amongst tens of thousands of small holders, who had to rely upon State credit and assistance for the proper organisation of their farms.

A comparative analysis of the economic life of the three States is by no means an easy task, owing to their different economic structure and to the lack of sufficiently reliable and uniform statistical information.

Each State has its own peculiarities, but Estonia and Latvia resemble each other more, while Lithuania is in many ways differently situated. Estonia and Latvia have the great advantage of holding the important ports of the Baltic (Reval, Riga and Libau) while Lithuania had to fight for the port of Memel; but although she succeeded in gaining possession of it, she has no direct railway communication with it and has to forward her goods to the port through Latvia.

The geographical situation of Estonia and Latvia is more favourable to the development of the transit trade of these countries with Russia and assures them greater independence than does the situation of Lithuania, which country is in acute political conflict with Poland and is influenced by her German and Russian neighbours.

Moreover, Estonia and Latvia are much more industrialised than Lithuania. Their textile, shipbuilding and mechanical industries, their paper mills, cement works, match factories, shoe and leather industry, and so forth, worked under the Russian domination for the home market under the protection of a high tariff; but since the Separation they have lost this market and protection, as well as their working capital, and have become export industries, compelled to find the necessary means for their reconstruction on an international competitive basis. Lithuania, on the other hand, has remained a purely agricultural State. On the whole it may be said that Estonia is developing chiefly as an industrialised agricultural country, while Latvia has a more pronounced commercial character and Lithuania is chiefly agricultural.

These differences form a serious obstacle to an economic union between the three States, which is the aim of the more enlightened sections of public opinion in all of them, in contradistinction to the leading economic interests. Latvian industries are afraid of Estonian competition. Estonian traders are afraid of Latvian trade, and Lithuania is afraid of the competition of the other two, economically more advanced, States.

Area and Population.—The following table shows the area and population of the three Baltic States:—

	Area in thousands of square kilometres.	Population.
Estonia	47.6	1,107,059
Latvia	65.7	1,909,700
Lithuania	55.3	2,190,000
Total ...	168.6	5,206,759

The density of population of the Baltic States is comparatively low, being about equal in Latvia and Estonia and higher in Lithuania. The distribution of the population in towns and villages is as follows:—

	In towns.	In villages.
Estonia ...	24.2 per cent.	75.8 per cent.
Latvia	22.0 „	78.0 „
Lithuania ...	14.93 „	85.07 „

These figures bear out the above description of the economic structure of these countries.

Finance.—All three States had to rely during their struggle for independence upon the financial assistance of Great Britain and the United States. This was very considerable and has led to the accumulation of foreign debts. These have now been consolidated, and are fixed at the following amounts:—

	To the United States.	To Great Britain.	Total in sterling.
Estonia ...	$13,800,000	£1,167,000	£4,000,000
Latvia ...	$5,775,000	£1,402,000	£2,600,000
Lithuania ...	$4,981,000	£16,811	£1,050,000

The total foreign debt, contracted by these countries chiefly for political purposes, amounts to about £8.6 million, but it is unequally distributed and falls much more heavily upon Estonia than upon Latvia, and least upon Lithuania.

Very little if any financial assistance has been received by these States since they started their work of economic reconstruction, owing to a certain general mistrust of their ability to manage their small and inexperienced countries. As a matter of fact, the first credit granted to a Baltic State under the guarantee of the British Government has only lately been conceded, viz., the ten years' credit of £130,000 to Estonia for the payment of railway material ordered from British firms.

It is therefore eminently to the credit of all three States that they have been able with their own means to stabilise their currencies, to balance their budgets, to introduce a system of land credits for the development of their agriculture, to attract foreign capital to their industries, and to develop their foreign trade relations.

The Currency.—The three Baltic currencies, the Emk., the Lat and the Lit, are now fairly stabilised, although this stabilisation cannot yet be considered to be final, the currencies being practically unknown on the international money market and foreign trade transactions being carried out in foreign money, chiefly in £ sterling. The three State Banks, the Eesti Bank, the Latvias Bank and the Lietuvos Bankas, are in a position to secure for their respective currencies a constant value, which is however established on different bases, the Lat being equal to one gold franc, the Lit to one-tenth of a dollar, and 100 Emk. to one gold krown.

The Budget.—The problem of producing balanced budgets in the new States, which seemed to involve extraordinary difficulties as it was doubtful whether the small countries would be able to find the means of covering the cost of the independent administration and of the upkeep of the military forces, has nevertheless been quite satisfactorily resolved. Not only have the three budgets been balanced, but a considerable part of the revenue is a disguised form of forced accumulation of capital, which is used by the Government for State investments and credit purposes. In comparing the expenditures of the three States we find that the expenditure per head of the poulation is highest in Latvia, next highest in Estonia, and lowest in Lithuania. The following table shows the revenue and expenditure (in £ sterling) for 1924–25:—

	Revenue.	Expenditure.	Expenditure per head of the population.
Estonia ...	4,305,000	4,123,000	3.74
Latvia ...	8,600,000	7,400,000	3.9
Lithuania ...	4,580,000	4,250,000	1.93

Production.—The economic consolidation of the new States could only be effected by an intensified output of agriculture and industries. As a matter of fact, in spite of many obstacles in the way of progress, the farming population has and is still developing its interests. Agricultural progress in the three States is developing on the lines of cattle breeding, dairy farming and poultry farming, but whereas the Estonian and Latvian farmers have chiefly turned their attention to butter butter production, the Lithuanians are still sticking to cattle breeding. Estonia and Latvia are accordingly becoming important butter exporting countries, while Lithuanian agriculture is exporting live stock (pigs, horses, cattle, geese, etc.). The growth of butter production and export in the two former countries are remarkable, the export figures being as follows (in tons):—

	1922.	1923.	1924.	1925.
Latvia ...	955	2,902	3,677	7,124
Estonia ...	1,032	2,331	3,187	6,443

Next to cattle breeding and dairy farming comes flax growing, which is an old-established line of agricultural occupation in these countries. Flax growing declined considerably during the war and the revolution, and has only recently been restored to its pre-war level. The export of flax is playing a leading part in the foreign trade of all the three states, to the extent of 23 per cent. in Estonia, of 33 per cent. in Latvia and of 25 per cent. in Lithuania. In 1924 these countries exported over 50,000 tons of flax to the value of about £4.7 million.

The third standard item of production is timber: all three countries are intensively exploiting their forests, and in 1924 they exported various kinds of timber to the value of £4.3 million. Timber was responsible in Estonia for 22 per cent., in Latvia for 34 per cent. and in Lithuania for 16 per cent. of the total export.

The best industrial results so far have been obtained by Estonia, whose paper industry during the past few years has shown signs of marked progress and is now doubling its pre-war output. Good work is also being done by the Estonian textile factories, by her cement works and her plywood factories; while the production and export of shoes and leather, of matches, and last but not least of bacon from her newly established bacon factory are steadily developing. Estonia is exploiting her own fuel, oil-shale, and is organising works for the extraction of oil from the shale. About 40 per cent. of the Estonian exports is now supplied by her industries.

Considerable industrial progress is also in evidence in Latvia's paper mills, shoe and leather factories, and glass and textile works, but Riga is directing her greatest efforts to the development of the commercial life of the city. Riga has the largest share in the Russian transit trade and is trying to cultivate all kinds of Russian business. The town is situated at the very centre of these countries and is by far the largest and busiest place in the Baltic States. It has, however, often been pointed out that she is overtrading and that the desire to extend her commercial interests has led to excessive importation, which has adversely affected her foreign trade balance, a movement which she is now trying to check by a revision of her Customs tariff and an all-round increase of the import duties.

Of the three States under review, Estonia has the largest export trade per head of the population, and both she and Lithuania have a good foreign trade balance. The following table shows the amount of the import and export trade of the three countries in 1924 and 1925 (in millions of £ sterling):—

		Imports.	Exports.	Trade balance.	Export per head of the population
Estonia,	1924...	4.55	4.37	— 0.18	£4.0
	1925...	5.37	5.37	—	£4.9
Latvia	1924...	10.00	6.80	— 3.2	£3.5
	1925...	11.20	7.20	— 4.0	£3.8
Lithuania,	1924...	4.30	5.50	+ 1.2	£2.5
	1925...	5.20	5.00	— 0.2	£2.4

As we see, Latvia is exporting per head of the population 50 per cent. and Estonia 100 per cent. more than Lithuania.

On the whole it may be said that the Baltic provinces have found a certain economic equilibrium in their interior as well as in their exterior life. The scale of their production is increasing and their foreign trade is developing. They are gradually finding their place in the international market and are making extraordinary efforts to strengthen their economic position. Moreover, these results have been obtained in spite of their being cut off from their natural field of activity, from their historically established market, in a world of extreme competition.

THE FRENCH STABILISATION PROBLEM.

By DR. PAUL APOSTOL.

In the course of the past year France made an important step forwards towards the stabilisation of the franc, without however any tangible signs of the same. Stabilisation presupposes a moral preparation, the acceptance of that measure by public opinions. It is precisely this preparation that was realised in France in the course of last year, and it may safely be asserted that not only specialists and politicians, but even the great mass of the people, now look upon the schemes for a slow revalorisation of the currency as purely chimerical. It may also be asserted that the upholders of the point of view expounded in May last at the Paris Society of Political Economy by one of the leading French specialists, M. Decamps, Director of Financial Investigations at the Bank of France, to the effect that present conditions are unfavourable for stabilisation, and that these conditions must first of all be modified, are extremely rare. The opinion recently expressed by M. Octave Homberg before a full meeting of the Society for Social Investigations has now a majority of French public opinion in its favour, viz. that no time must be lost in treating the patient so that his disease may not become worse.

When one thinks of the conditions in which the franc will be stabilised and to the consequences which this stabilisation must have, during the period of transition in which prices will have to be adapted to the stabilised rate, one is led to the conclusion that the reform will probably be carried out largely on the lines indicated by Mr. John Maynard Keynes in his open letter to the Minister of Finance (whoever he may be) published in the *Information* of January 9 this year, supplemented by two articles from the same pen in the issues of that journal of January 16 and 30.

After all, what were the proposals which Mr. Keynes, the well-known author of "The Economic Consequences of the Peace," put forward in that letter, which made such a stir? The collection of existing taxes must be improved, he said, but there must be no raising of the rate of taxation. He recalled calculations made by Mr. Moulton in his work on the French Debt, according to which the Budget revenue actually collected was equivalent in France to 20 per cent. of the national income as compared with 18.5 per cent. in England, while the *per capita* income in France is barely half the *per capita* income of Great Britain. Consequently he did not consider an increase in taxation to be reasonable, subject of course to the taxes being levelled up proportionately to the rise in prices. Now is not this the very policy which M. Briand and his new majority appear to be following? M. Raoul Péret's watchword "Reassure the men of means" expresses quite as much a resolve not to apply Socialist methods of taxation as a determination not to increase the rate of taxation.

Mr. Keynes' next proposal for stabilising the franc was to make the Bank of France supply for two years at least change in dollars for francs (at the rate of 25 to 30 francs to the dollar) to an unlimited extent, even were it necessary for the purpose to pledge its gold holding. This is obviously the process by which stabilisation will be achieved, but it is too early yet to foresee which means the Bank of France will have to dispose of. The question of the Bank utilising its stock of gold has not yet exceeded the limits of academic discussion in the Press, and in the Paris market there is distinct impression that negotiations are actually under way in New York (and probably also in London) with a view to large credit operations with a view to the reorganisation of the currency in countries which experience difficulties in this connection. But with regard to this question the Government maintains absolute silence and refuses to deny or confirm this report.

In conclusion, Mr. Keynes anticipated as a result of such stabilisation that prices in France would rise to the level of world prices, and he looked to this rise for the salvation of French finances, since the Government, by banking a greater quantity of francs (by raising taxes to the new price level), would continue to pay the same number of francs as interest on its loans and as pensions.

It is this part of Mr. Keynes' statement which has provoked most criticism in France, and I do not propose to deal with it to-day.

Be it remarked, however, that Mr. Keynes contemplated as indispensable an expansion of the circulation in keeping with the rise in prices, the present circulation being barely sufficient in view of the actual price level. If measures are not previously taken to stabilise the franc, this increase of the circulation might have serious consequences on the market. "We glimpse," says Mr. Keynes, "the play of certain elements which would make it difficult to avoid, in the interest even of the public, a new rise in prices, and consequently, if my argument is right, a fresh increase of the paper circulation. That is why I maintain that the preliminary measure to be taken is to prevent a fresh depreciation of the exchange."

When talking of an extension of the circulation Mr. Keynes evidently had in his mind an increase of the circulation to meet the requirements of trade and industry under the form of extended discounting operations and advances.

But now a deputy, M. Piètri, raises in the *Information* of June 3 another question, with regard to the effect of stabilisation on prices and the effect of a rise in prices on the advances of the Bank of France to the Government. To be sure, if in consequence of the rise in prices the people require a larger amount of cash they will want repayment of a portion of the National Defence Bonds. This step would produce a danger of inflation under the form of increased advances to the Government. M. Piétri puts the question in this form: *either* we must have no inflation, in which case stabilisation must take place at a rate which will not provoke a rise in prices (at Fr.115 or Fr.120 to the £)—this was the mistake made by Belgium; *or else* we must have stabilisation at Fr.150 or more, in which case we must resign ourselves to inflation.

As a remedy M. Piétri proposes the famous means suggested by M. Caillaux, *le plafond unique*. But M. Piétri's reasoning is wrong in this respect. M. Caillaux in proposing his remedy for bank-notes and National Defence Bonds (the right to issue notes to the same amount as the bonds redeemed and not re-subscribed) meant precisely to prevent the repayment of bonds and consequently inflation: for the public, well knowing that nothing would stand in the way of repayment, would no longer demand it.

In the case conjectured by M. Piétri—repayment of bonds consequent on cash requirements—M. Caillaux's remedy would not prevent repayment, and consequently it is difficult to see the use of it. It would only tend to conceal the real situation.

Such are the questions which arise in connection with the problem of stabilising the franc, to which we will take an early opportunity of returning.

FOREIGN TRADE OF THE UNION OF SOVIET SOCIALIST REPUBLICS DURING THE YEARS 1924-25 AND 1925-26.

There are two basic reasons for the losses or insufficient profits of Soviet Export Trade:—

(1) The unfavourable tendencies in the development of prices of export goods on the internal and foreign markets, i.e. a tendency towards an increase in prices in the home markets and towards a decrease or at least a smaller increase in foreign markets.

(2) The high overhead charges due to the unsatisfactory Soviet Export Organisation.

Of these two reasons the former is frequently thrust in the foreground, thus serving to obscure the latter.

It is an undoubted fact that these unfavourable tendencies are operating and are even worsened by the equally notorious fact that the external rate of the Tchervonetz has been kept up by the Soviets at the pre-war parity. This is quite contrary to its purchasing power in the home market where it has greatly deteriorated in comparison with the pre-war Rouble, and owing to this discrepancy Exports are naturally being hindered and a premium is being put on Imports. However, the relation of prices on the internal and foreign markets to each other, even at the present juncture, is not so unfavourable as to make Export unprofitable, if only the overhead charges on export goods were normal. This can be seen quite clearly from the following figures which are available mainly with reference to grain but to some extent also with regard to other export goods. The discrepancy between purchasing prices on the inner market and the selling prices realised by the Soviet Organisations in the foreign markets in 1924 to 1925 and the first six months of 1925–1926 is (in Chervonetz Kopecks per pood)*:—

	Rye.	Wheat.	Barley.	Maize.	Sunflower Seeds.	Oil Cakes.
1924–25.						
A. Average purchasing price on inner market	99.4	124.2	78.7	71.9	81.7	66.8
B. Average realised price of grain on foreign market ...	136.0	179.0	165.0	134.0	195.0	150.0
Margin ...	36.6	54.8	86.3	62.1	111.3	83.2
1925–26. First six months.						
A. Average purchasing price on inner market	90.0	129.0	71.0	63.0	86.0	76.0
B. Average selling price on foreign market	130.0	189.0	121.0	134.0	179.0	133.0
Margin ...	40.0	60.0	50.0	71.0	93.0	57.0

It is easy to see that in 1924–1925 and 1925–1926 there still remains a considerable gap between foreign and internal prices, so that under normal organisation and with normal overhead charges, export could quite easily be made a paying proposition. What those normal overhead charges were in pre-war times can be gathered from the table given below, which we have borrowed from the Official Publication "Rural Economy on the Way to Reconstruction" (Moscow 1926, page 251).

1913 (In Gold Kopecks).

Description of Goods.	Odessa. Exchange Price.	Overhead Charges c.i.f. Port.	Selling Price c.i.f.	Gross Profit.	Per cent of Gross Profit.
Wheat ...	112.0	8.0	128.0	8.0	7.1
Rye ...	79.0	8.5	95.0	7.5	9.5
Barley ...	82.0	8.0	98.0	8.0	9.8
Maize ...	70.0	8.0	86.0	8.0	11.4
Oats ...	82.0	8.0	98.0	8.0	9.8

Now, allowing for the deterioration of the Tchervonetz to even only 50 per cent. of its value, and supposing that the normal overhead charges should amount not to 8 Kopecks but 16 Kopecks, there should still be a considerable profit from export trade both in 1924–1925 and 1925–1926. For the discrepancy between purchasing and selling prices as can be seen from the table above, amounts to anything from 40 to 93 Kopecks in 1925–1926 and from 37 to 113 Kopecks in 1924–1925. In actual fact this margin is more than wiped out by the huge overhead charges of the Soviet Foreign Trade organisations. These overhead charges during the first half of 1925–1926 averaged †:—

1925–26.	Rye.	Wheat.	Barley.	Maize.	Sunflower Seeds.	Oil Cakes.
Overhead charges as from purchase stages to realised sales (in Kopecks per pood) ...	62.0	64.0	58.0	57.0	63.0	58.0

It is now possible to make the following estimate of profits and losses from Export Trade.

	Rye.	Wheat.	Barley.	Maize.	Sunflower Seeds.	Oil Cakes.
Purchasing prices	90.0	129.0	71.0	63.0	86.0	76.0
Charges ...	62.0	64.0	58.0	57.0	63.0	58.0
Selling prices ...	130.0	189.0	121.0	134.0	179.0	133.0
Profit ...	—	—	—	14.0	30.0	—
Loss ...	22.0	4.0	8.0	—	—	1.0

Thus for the three most important products—wheat, rye and barley, as well as oil cakes, we have a loss which amounts to 22 Kopecks per pood in the case of rye. On an average, taking all the grain products exported, according to figures supplied by the same author, the purchasing price amounts to 95–96 Kopecks, overhead charges to 61 Kopecks, and the selling price to 1 Rouble 52 Kopecks; hence we get an average loss per pood equal to 4½ Kopecks.

Therefore we see that the loss on grain exports is caused by the immense overhead charges which have reached 7½ times the pre-war figures if the depreciation of the Rouble is not taken into account, or nearly four times the pre-war figure if this circumstance is taken into consideration.

* The figures for 1924–25 are taken from *Foreign Trade*, No. 10, January 10th, 1926; those for 1925–26, according to statistics of S. Teifetz in *Economic Life*, No. 50, March 2nd, 1926. The figures for these two periods are not strictly comparable since the methods of weighing used to obtain average prices were not exactly the same.

† According to estimates made by the same Feidetz, *Economic Life*, No. 50, p. 926.

(To be continued.)

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).

DANZIG

FINANCE

Safeguards against Inflation.—The regulations and the activities of the Bank of Danzig are explained in some detail by Dr. H. Plaumann in his contribution to the *Danziger Zeitung* of April 11 last, from which we have made the following excerpts respecting the measures against currency inflation. By reason of its privilege of issuing notes the Bank of Danzig is under the obligation to publish a statement twice a month, largely for the purpose of giving the public in general an opportunity of controlling the note issuing policy followed by the Bank. The first object of the Bank in this respect is to keep well within the prescribed limits of cover. The notes issued must be covered by at least one-third gold specie, Bank of England notes or daily maturing demands on the Bank of England, and the remaining cover by commercial bills and Danzig metal money (supplementary cover). On examining all the past statements of the Bank of Danzig it will, however, be found that the cover conditions are much more favourable than has been represented; the one-third limit has been greatly exceeded, the least favourable position being on June 15, 1925, with only 38.56 per cent. On the other hand, it is easy to overestimate this principle of cover, for cover in itself does not form a sufficient guarantee for the stability of a currency. During the inflation period, for example, the German mark was fully covered by gold within the meaning of the Bank Act, yet there was an ever increasing percentage of notes in circulation, while the depreciation of the paper money developed in more rapid progression than the effective multiplication of paper money issues. As a guard against this danger the terms of the Danzig privilege of issue have been drawn up so as practically to exclude the possibility of inflation. The obligation of the Bank of Danzig to exchange at any time Danzig gulden against cheques on London practically prevents any violent fluctuation of the Danzig gulden. Up to the present the stability of the Danzig gulden has been the automatic consequence of the legal foundations of the currency; but that alone is not necessarily an indication of a sound currency. A second and important factor preventing inflation is the discounting of State bills; and lastly, the maximum of note circulation per head of the population of the Free State has been fixed at 100 gulden. Such a restriction must naturally be elastic; the Bank is therefore liable to pay a tax upon any issue above the prescribed maximum. These measures alone suffice to safeguard the Free State against the possibility of currency inflation.

Post Office Surplus.—At a recent meeting of the Chief Committee of the Volkstag the budget of the General Post Office was discussed and the items of revenue and expenditure approved. The representative of the Government pointed out that the Post Office surplus in the present estimates figured at Gu.1,942,000, as compared with a surplus of only Gu.24,570 in the preceding financial year. In reply to a question as to whether this large surplus could not be applied to reducing the postal rates the Government representative stated that in principle such a policy was acceptable, but that it would not be expedient to adopt it at the present juncture, owing to the unsatisfactory condition of the Free State finances, which made it imperative for the Treasury to be able to avail itself of all accruing profits.

The Post Office has been adversely affected by the prevailing economic crisis and also by the introduction of the Polish postal service, the latter causing a loss of about Gu.50,000 per month to the Danzig General Post Office. Numerous economies have been planned in the administration of the Post Office without in any way restricting the services. During the course of the present year, or at least by the spring of next year, the work of installing the automatic telephone system will be accomplished, the project being to establish it throughout the whole of the Free State. The cost of this work is well covered by the reduction that will follow in the numbers of the staff employed; in due course the Post Office returns should greatly benefit by this reform. A uniform regulation of the wireless service in Danzig is under preparation and when put into force it will probably have a stimulating effect upon the development of this service in the Free City. (*Danzig Zeitung.*)

TRADE

Effect of the British Strike on Danzig Freights and Sea Transport.—The great hopes of a recovery of the freight market that had been entertained in certain economic circles in Danzig on account of the possibility and the realisation of the general strike in Great Britain unfortunately did not really materialise. During the latter part of April the offers of empty tonnage continued greatly in excess of good freight-bringing transports, whilst freights themselves became worse. As an instance, the rates for coal to Stockholm were 5s. to 5s. 3d.; timber to London was quoted at 35s. and to Amsterdam at Fl.19; grain to Riga and Reval at 8s. 3d., and to Abo at 9s. to 9s. 3d.; barley to Denmark at 7s. 9d. per ton; and sugar to the Baltic ports at 9s. to 9s. 3d. The coal turnover during the last week of April attained the unusual figure of 73,215 tons, while it is estimated that the aggregate volume of shipments amounted to 140,000 tons, almost exclusively, however, export trade. Of this total timber accounted for approximately 48,000 tons, grain for 1,600 tons and sugar for 3,200 tons. It will be seen from these figures that coal and timber occupied an overwhelmingly predominant position in the shipping trade. In order to improve freights efforts are being made to encourage the importation of ores via Danzig; the initial attempts in this direction seem to have been fairly successful. During the last week of April an average of twelve to fifteen vessels loaded coal every day at Danzig, while the number of overseas vessels lying in port remained at about 100 to 120 per day. During the week in question there arrived 25 Danish vessels, 1 Danzig, 33 German, 6 British, 1 Finnish, 4 Lettish, 2 Norwegian and 33 Swedish. The fact that eighty of these vessels entered the port without cargo gives an idea of the situation. Of the total of 98 vessels that left the port only 4 sailed without cargo.

While the strike in Great Britain lasted there was naturally a noticeable improvement in coal transports, since many empty vessels that are usually engaged in the transport of British coal called at Danzig in the hope of picking up a cargo. But this did not prove at all favourable for the Danzig freight market, since the arrival of these empty vessels only aggravated the crisis that had long since arisen through the excess of the offers of available tonnage. The shipping firms have been in an unenviable position for some time past and it was unfortunate that they should be obliged to suffer still more through the strike in Great Britain, which in the ordinary way should have improved their position. The short revival in the coal trade itself cannot be regarded as a sign of permanent improvement. The timber trade was badly hit by the stoppage in Great Britain, which country in normal times is one of the most important markets for this commodity. (*Schiffahrt*, April 30, May 7.)

Trend of Foreign Trade.—The total volume of goods exported during the month of April last via Danzig amounted to 385,696 tons and that of imported goods to only 15,027 tons, although it is possible that the figures published for imports are somewhat understated in respect of the importation of ores. The exports consisted of (in tons): barley, 5,442; oats, 1,844; rye, 14,020; pulse, 1,028; raw sugar, 3,611; refined sugar, 6,611; superphosphate, 1,249; paraffin, 1,431; coal, 215,759; timber, 120,482; oil, 10,262; fresh meat, 220; beet, 875; live stock, 227; clover, 16; cement, 301; coke, 250; potassium salt, 990; soda, 225; pollard, 213; and molasses, 170. The April exports of coal and timber were superior to those of March, in which month 211,824 tons of coal and 104,342 tons of timber were exported. Compared with the preceding year exports have grown very appreciably, without, however, improving the economic situation. The prospects are not altogether bright. The price of wheat in Poland is higher than that on the international market, while sugar is reported to be quoted at higher rates than in Great Britain. Under these circumstances there can be but scant hope of an improvement in the trade in these commodities. Added to that is the fear that the timber and coal exports cannot long be maintained at the present level.

Imports from overseas in April comprised mainly the following categories of goods (in tons): fats, 264; rice, 301; lard, 493; herring, 1,418; meal, 3,290; oils, 654; iron, 120; Chile saltpetre, 6,766; machinery, 94; iron ores, 1,520; and wool, 107. The total imports in March amounted to 33,702 tons, or more than twice the volume of the April imports. The situation appears still worse in comparison with that of a year and two years ago. In April 1925 imports totalled 60,147 tons and in April 1924 81,214 tons. The effect of this retrogression in the overseas import trade upon the shipping situation in Danzig needs no explanation to be fully appreciated. During the first four months of the present year exports have totalled 1,296,847 tons, whereas exports for the whole of the year 1925 amounted to only 2,031,969 tons. Coal exports during this period totalled 740,068 tons and timber exports 339,561 tons. Imports during the same period amounted to no more than 95,494 tons, while imports for the whole of last year amounted to 690,779 tons. Iron ore imports amounted to 12,569 tons and wool imports to 345 tons.

The grave difficulty for the port of Danzig in respect of the foreign trade traffic is the ever growing disproportion between exports and imports, which renders shipping more and more unprofitable business. (*Schiffahrt*, May 7.)

SOCIAL AND LABOUR CONDITIONS

Unemployment Returns.—The general conditions in the labour market of the Free State have recently shown a marked change for the better. At the end of March the number of registered unemployed in receipt of unemployment benefit was 18,859; by the end of April this number had fallen to 15,745, a decline, that is, of 3,114 or nearly 17 per cent. within a month. The largest number of unemployed during April was recorded in the municipal district of Danzig, the figures being 8,231 males and 1,915 females, or a total of 10,146 persons. The district of Grosses Werder reported 1,723 unemployed, Higher Danzig 1,005, Lower Danzig 900, Zoppot 982 and Oliva 839. The number of unemployed in the remaining districts was considerably lower than in any of the above mentioned. Unemployment is still most pronounced amongst the unskilled workers (2,403 males and 1,128 females), the metal trades (1,970), the building trades and timber industry (1,403), and commercial employees (626 males and 470 females). The total of unemployment benefits granted during the month of April amounted to Gu.346,606, excluding relief in kind. (*Danziger Zeitung*, May 6.)

COMMUNICATIONS

Oversea Communications and Port and Railway Works.—During the past year, states the *Danziger Zeitung*, a new and regular service was established for fortnightly sailings between Danzig and the Levant. The vessels belong to the Svenska Orient Linien at Göteborg, which is affiliated to the Axel Broström and Sons group of Göteborg. They are of the most modern type, having been built during the period 1920–22, and are especially adapted to this particular transport trade. As the trade with north Africa and the Near East is more and more developed by this new service there should be a favourable reaction upon the economic life of the Free State.

Schiffahrt of April 30 reports that great headway is being made with the port improvements at Danzig. The work of developing the docks is proceeding satisfactorily, the extension of the Weichsel railway station has already begun and the foundations have been laid for new warehouses at the docks. In a short time the new floating crane will be ready to begin operations.

The *Danziger Zeitung* announces that at the recent inter-ministerial conference over plans for the better adaptation of the railways to the proposed new conditions at the port it was agreed that by the end of the present year the export turnover via Danzig would probably attain an average volume of 400,000 tons a month, of which coal exports would account for 230,000 tons, while exports via Gdingen would be 120,000 tons per month, with coal totalling 100,000 tons. In accordance with the agreement of November 21, 1921, the railways are obliged to keep pace with port extensions and improvements by laying down fresh tracks, which will cost about 2.5 mill. zlotys. The progress that is being made with the port extensions at Gdingen suggests that the work will be completed by the end of the year; this will call for railway extensions and improvements at Gdingen costing a further 2.5 mill.

FRANCE

POLITICAL AND FINANCIAL

The Stabilisation Question.—The panic provoked a fortnight ago by the rise in foreign exchanges led to fresh discussion about the stabilisation of the franc. There is even a group now in Parliament called "*groupe de stabilisation*," in which the former Minister of Marine, M. Borel, plays the leading part. There are practically no opponents of stabilisation, but the question as to the exact moment at which the reform should be introduced and that as to the rate at which stabilisation should take place continue to be matters of strenuous contention. From the mass of speeches and articles on the currency question we quote the competent opinions.

M. Decamps, Director of Economic Studies Service at the Bank of France, expounded his views in a paper delivered before the Society for Political Economy on May 5. Assuming that stabilisation was started under the present conditions and at the actual rate of exchange of Fr.150 to the £ sterling, the first effect would be (as was the case in Italy and in Belgium) that people holding francs or speculating on the rise of the French currency would start speculating on its fall, a speculation without any risk. According to M. Decamps, there are no sufficient elements of resistance in the balance of payments of France. The balance of trade has been adverse for the last nine months, and stabilisation is not calculated to improve it. Other elements, too, of the balance of payments cannot be influenced in a favourable direction by stabilisation. Much is heard of the gold reserve at the Bank of France. Accounted at its present value, it represents a cover of 42 per cent. of the note issue (exclusive of the gold deposited as a guarantee with the British Treasury). In his opinion, the proportion of cover has no longer the meaning it had in pre-war time, because the Bank of France does not influence the market to the same extent. Its principal weapon (the discount rate) is no longer effective, for the following reasons: prices in France are now at a level considerably below that of other countries if reckoned in foreign currencies at the present rate of exchange. Therefore, the rate of exchange being fixed at the present rate, prices (especially retail prices) will have a tendency to move towards parity with prices abroad. Consequently more money will be needed. But the question is whether the Bank will be able to stop this demand for money when price parity has been reached, and consequently stop an unjustified rise in prices.

The balance-sheet of the Bank of France contains two important assets subject to contraction, viz. bills discounted and guaranteed advances. At the present moment they do not exceed on the average 5 milliards and 2 milliards respectively, together some 7 milliards of francs, as compared with 52 milliards of notes in circulation and some 3 milliards of deposits on the liability side.

The principal asset of the Bank consists of advances to the Government, amounting to some 36 milliards of francs, an asset which under present conditions is immobilised. This must be considered as an important hindrance to the possibilities of regulating the market.

Moreover, the action of the Bank can be checked by another factor: if the Bank starts contracting credits and raising its rate of interest, people in need of money will ask the Treasury for repayment of the Treasury bills they hold (individuals as well as banks). The Treasury holding now more than 48 milliards of francs of the country's money against bills running from one to twelve months, fresh money in large amounts can be obtained from it at any moment. In the opinion of M. Decamps, the floating debt problem is the first problem to be resolved before legal stabilisation is undertaken. He lays stress on the fact that the stabilisation is not only a legislative act which consists in changing the inter-monetary relation; but it also requires previous adjustment to the new conditions in order to be able to maintain stability once it has been attained.

The effects of stabilisation at the actual rate are also discussed by M. Piétri, a Deputy who was formerly a high official at the Ministry of Finance, in an article he publishes in the *Information* (June 3). In his opinion, stabilisation of the franc at the present rate will lead to new inflation, but he does not see any means of avoiding this. To raise the value of the franc would be too difficult, not to say impossible. His views are very simple: the index number of retail prices in France being now about 500, stabilisation of the franc at a value equal to $\frac{1}{6}$ of its pre-war parity would lead to a rise in home prices until price parity is reached. He considers that circulation must increase in the same proportion. Different arguments convince M. Piétri that the money circulation in France (including Alsace-Lorraine) in pre-war times—both corn and banknotes—should not be less than 13 milliards of francs. Multiplied by the coefficient of the necessary rise in prices (6), it produces 78 milliards, this being the amount of currency necessary for the commercial turnover. Moreover, as the world prices in terms of gold are now by 60 per cent. higher than the pre-war prices, the same coefficient must be applied to the French prices and currency. Thus the necessary currency circulation should be some 124.8 milliards of francs. (Because of an error in the application of the coefficient M. Piétri finally arrives at the amount of 85.8 milliards.)

The actual circulation being some 52 milliards, new currency issues will become necessary. (Even with prices at 500, the circulation should be $13 \times 5 = 65$ milliards; in the opinion of M. Piétri, the shortage $65-52=13$ is due to the fact that Treasury Bills play in certain transactions the rôle of money.) Moreover, it is impossible to prevent fresh issues taking place, because the repayment of the outstanding Treasury Bills can be demanded by the holders of them who are in need of money (cp. the opinion of M. Decamps above). The conclusion at which M. Piétri has arrived is that, if stabilisation is desired with the £ at 150, inflation must be accepted. If inflation is to be avoided at any cost, the franc must be stabilised at a much higher rate, say at 115 or 120. But this last measure is just what caused the failure of the Belgian attempt.

AGRICULTURE

Report on the Crops.—The Ministry of Agriculture has recently published the results of its inquiry into the condition of the crops as at May 1. The area sown was as follows (in hectares):—

	1926.	1925.
For winter wheat	5,212,190	5,410,280
For spring wheat	233,860	160,700
	5,446,050	5,570,980
For winter oats	850,130	846,680
For spring oats	2,658,330	2,615,500
	3,508,460	3,462,180

The state of the crops at the above date was much worse than last year, as shown by the following figures (80 = good, 60 = fairly good, 50 = passable):—

	1926.	1925.
Winter wheat	69	76
Spring wheat	68	73
Winter oats	67	74
Spring oats	71	73

The bad weather prevalent throughout May can only have made these conditions worse. This constitutes, therefore, an unfavourable element for the French balance of trade, which must be taken into account.

COLONIAL INTELLIGENCE.

Economic Conditions in Indo-China.—According to the Report for 1925 published by the Council of the Bank of Indo-China, the situation of this, the richest of the French colonies, is very satisfactory. Monetary conditions were quite normal because the price of silver in London fluctuated within narrow limits (the highest quotation being $33\frac{7}{16}$d. per oz. and the lowest $31\frac{1}{16}$d. on May 21). The slight fall experienced in silver during the first half of the year was due to the £ reaching gold parity. The relative stability of the price of silver permitted a country with a silver standard to enter without any obstacle into all sorts of transactions with foreign countries. But, of course, the French franc suffered a severe fall in terms of Indo-Chinese piastres, the rate being Fr.16 to the piastre on December 28, after having been at Fr.12 in July and at Fr.9.95 in January 1925.

The principal export products—rice, paddy and their derivatives—gave a good yield, the export amounting to 1,426,000 tons, a figure never reached before except in 1918 and 1921. The market for these goods was also very favourable. Paddy decortication is making good progress.

Great hopes are entertained with regard to the rubber production of Indo-China. Rubber growing was only started on a commercial scale in 1913, and has since made remarkable progress. Indo-China has not adhered to the Stevenson scheme and was therefore in a position to develop its production, which, however, still remains comparatively very small. The following figures of the export of rubber from Indo-China are significant:—

	Total tons.	To France.
1920	3,141	—
1921	3,648	—
1922	4,620	3,670
1923	5,694	3,699
1924	6,796	5,001
1925	7,150	6,664

The corn crops were also excellent.

The import trade of the colony was favourably influenced by the abundant crops and by good prices. The increased purchasing power of the population permitted more extensive buying, especially of French goods, favoured by the depreciation of the franc. An increase in commercial activity was noticed in all branches, and a strong tendency for increased hoarding has also been observed during the year under review.

The turnover of foreign trade has shown a considerable increase amounting to Fr.4,236 mill. as against Fr.2,259 mill. in 1924, an increase which exceeds by far the depreciation of the franc. The favourable balance of trade was Fr.675 mill. as against Fr.380 mill. in the preceding year. The increase in the turnover of trade with France was comparatively small, representing Fr.475 mill. (Fr.253 mill. for exports and Fr.222 mill. for imports).

On the whole, 1925 was a year of remarkable development for French Indo-China.

GERMANY

TRADE

Foreign Trade Returns for April.—The great increase in exports which occurred in March, bringing the total to the hitherto unequalled figure of Rmk.927 million, was not maintained during April, when exports assumed approximately the proportions of the month of February, showing a total of Rmk.781.7 million, while imports rose from Rmk.686.8 million in March to Rmk.728.9 million. The export surplus was thus reduced from Rmk.240.1 million in March, Rmk.67 million in February and Rmk.68 million in January to Rmk.53 million. Nevertheless the first four months of 1926 show an export surplus of Rmk.428 million in comparison with an excess of imports of Rmk.1,976 million during the corresponding period of the previous year. The shrinking of the credit balance in the month of April is not remarkable in itself. Just as a debit trade balance such as that of the previous year is only possible if the balance of payments admits of it, so a credit trade balance cannot be continuously maintained unless the corresponding equivalent is available in the payment balance. Such counter-values may be formed by means of paying off, or paying interest on, foreign debts, or by means of capital export, or, on a small scale, through the accumulation of gold or foreign currency deposits in the home country. Later on the reparation deliveries will largely absorb whatever export surplus may exist. For the present they do not play any great part as a counter-value, the interest and redemption obligations of the private foreign credits which have been taken up since the stabilisation of Germany being for the moment of more importance. The circumstance of the greatest importance for the balance of payments was doubtless the fact that owing to the great liquidity in the German money market a number of short term foreign credits were reimbursed, and above and beyond this German money was even placed abroad for short periods. The foreign currency movement in the Reichsbank was therefore a retrograde one during the month of March in spite of the surplus in the balance of foreign trade. The import surplus in the gold balance-sheet was also a very narrow one. It is in this development that the cause of the previous month's movement in the balance of trade must be sought. Nevertheless as the restrictions affecting German capital export grew, so the possibility of the maintenance of a wide credit margin in the balance of foreign trade dwindled. Meanwhile the momentary plus or minus of the balance of trade, which in the long run is dependent on other factors, is of less importance to the prosperity of a country than the total volume of foreign trade. On the whole German export showed a steady upward tendency during the past year, and even the decrease in April occurred only in a slight degree at the expense of the particularly important export of manufactured articles. The result of a single month should not be overestimated as regards its symptomatic importance. Chance and seasonal fluctuations—exports decreased last year in the month of April—play a large part. In order to judge of the general trend a much longer period must be examined. (*Frankfurter Zeitung*, May 21.)

The *Hamburger Fremdenblatt* of the same date publishes detailed tables showing the development of imports and exports during the month of April as follows (in millions of Reichsmarks—*a*, pre-war; *b*, present values):—

		March.	April.	Jan. to Apr.
Imports.				
Foodstuffs and beverages ...	(*a*)	166.0	203	708
	(*b*)	220.0	267	939
Raw materials and semi-manufactured goods ...	(*a*)	266.4	292	1,122
	(*b*)	331.6	357	1,399
Finished products	(*a*)	63.5	71	279
	(*b*)	85.6	90	372
Gold and silver	(*a*)	41.2	6	132
	(*b*)	41.5	6	133
Total	(*a*)	543.7	578	2,263
	(*b*)	926.9	729	2,460
Exports.				
Foodstuffs and beverages ...	(*a*)	38.6	26	159
	(*b*)	45.2	28	190
Raw materials and semi-manufactured goods ...	(*a*)	161.8	132	563
	(*b*)	190.4	153	671
Finished products	(*a*)	486.2	427	1,717
	(*b*)	686.4	597	2,416
Gold and silver	(*a*)	3.7	2	17
	(*b*)	3.8	2	18
Total	(*a*)	691.0	587	2,460
	(*b*)	926.9	782	3,299

The net goods import in April shows an increase of Rmk.78 million. The import of foodstuffs and beverages has risen by Rmk.48 million, that of raw materials and semi-manufactured goods by Rmk.25 million and that of manufactured articles by Rmk.5 million. The import of gold and silver, on the other hand, has decreased by Rmk.36 million. Where exports are concerned there is a decrease of Rmk.144 million to record, or rather more than the increase in March as compared with February (Rmk.140 million). Even though the manufactured goods export by virtue of its important share in the total exports be the chief contributing factor, with Rmk.89 million, the amount of the decrease has not entirely counterbalanced the increase of the month of March, Rmk.122 million. With Rmk.597 million the manufactured goods export is not only well above the average monthly figure for 1925 (Rmk.552 million), but shows, apart from the decrease as compared with March, an increase as compared with the previous months. The export of raw materials shows a decrease as compared with the previous month of Rmk.38 million and the export of foodstuffs and beverages also a decrease of Rmk.17 million.

The import of foodstuffs and beverages shows an increase as compared with the previous month of Rmk. 47.6 million, the chief contributing factors being wheat (Rmk.23.2 million), rice (Rmk.13.3 million), barley, vegetables, and vegetable oils and fats.

The import of raw materials and semi-manufactured goods shows an increase of Rmk.25.4 million as compared with the previous month. The import of mineral oils, oil fruits, oil seeds, building timber, iron ore and india-rubber has increased, while the import of textile raw materials shows a decrease (by Rmk.5.9 million).

The import of finished goods rose by Rmk.4.8 million. The import of textile finished products shows an increase of Rmk.4.9 million as compared with the previous month, which was evenly distributed over cotton and woollen yarns and fabrics. The import of rolling mill products and iron goods remained practically unchanged.

The export of foodstuffs and beverages shows a decrease of Rmk.16.9 million as compared with the previous month, wheat participating to the extent of Rmk.10.5 million. Exports of wheat amounted to 26,740 d.ctr. and those of rye to 209,193 d.ctr.

The export of raw materials and semi-manufactured goods shows a decrease of Rmk.37.6 as compared with the previous month, the greatest decrease occurring in the textile raw material export with Rmk.7.5 million. Decreases occurred further in non-oleaginous seeds, sulphuric acid, ammonia, wood chips and cellulose.

In the export of finished goods a drop of Rmk.89.1 is registered. The largest decreases are in textile finished products, Rmk.34.1 million, chiefly affecting cotton and woollen fabrics, rolling mill products and iron goods with Rmk.7.4 million, leather, leather goods, paper and paper goods and machines with Rmk.5.9 million.

The import of gold and silver shows a decrease as compared with the previous month of Rmk.35.7 million, and the export has also decreased by Rmk.1.4 million.

INDUSTRY

The Coal Supply.—The reticence which has prevailed among consumers since the outbreak of the general strike in England has been broken through, to a certain extent, during the past week by increased deliveries to France and Belgium. As no coal could reach France or Belgium through the ports these countries were obliged to release the imported German coal, which is theoretically prohibited or made dependent on permits which are practically impossible to obtain. At present, in addition to reparation deliveries, considerable quantities of free German market coal are being sent into the countries in question—primarily gas coal for the gasworks, bituminous coal for railway use, and other first quality coals, as it is precisely these varieties that are lacking on account of the English strike. Industrial coal is also required, but in smaller quantities, least of all coke, as no change has occurred in the coke demand in consequence of the strike in England, the coke requirements of France being satisfied by the fine coal reparation deliveries from Germany. (*Kölnische Zeitung*, May 27.)

The German coal output during April shows a heavy decrease, chiefly owing to the Easter holidays. It should also be remembered that April contained one day less than the previous month. The following table gives details of the production figures (in millions of tons):—

	Hard coal.	Lignite.	Coke.	Hard coal. briquettes.	Lignite briquettes.
1913, monthly average ...	15.84	6.94	2.89	0.58	1.83
1925, monthly average ...	11.06	11.65	2.40	0.42	2.80
1926, January	11.19	12.22	2.11	0.48	2.92
February	10.62	11.08	1.99	0.46	2.74
March ...	11.42	11.83	2.14	0.45	2.88
April ...	10.09	10.07	1.96	0.36	2.49

(*Frankfurter Zeitung*, May 26.)

Sale of Stumm Interests to New Mining Trust.—The Administrators of the Stumm Concern and the firm of Gebr. Stumm of Neunkirchen have announced with laconic brevity the sale of the Stumm participation in the Kraft Ironworks, the Westphalian Iron and Wire Works, the Witten Cast Steel Works, the Iron Industry Company at Menden and Schwerte, and the North German Foundry. No indication of the amount of the purchase price is given, nor have the Vereinigten Stahlwerke published any details of this first important transaction effected so soon after their official establishment. It is merely stated that the sale has taken place under such conditions as will terminate the financial difficulties of the Stumm Concern. As regards the participation of the Stumm Concern in the share capital of the companies in question, they are believed to be as follows: 93 per cent. of the Rmk.18.75 million of capital of the Kraft Ironworks; 83 per cent. of the Rmk.10.5 million capital of the Westphalian Iron and Wire Works; 92 per cent. of the Rmk.4.53 million capital of the Iron Industry Company at Menden and Schwerte; 51 per cent. of the Rmk.10.4 million capital of the Cast Steel Works in Witten, and 60 per cent. of the Rmk.9 million capital of the North German Foundry Company in Bremen-Oslebshausen.

This sale constitutes the second step in the reconstruction of the Stumm Concern on a solvent basis, and will leave in their possession only the Gelsenkirchen Cast Steel and Iron Works and the undertakings in which they are interested, and further the Saar undertakings of the Neunkirchen Ironworks Company and the Homburg Ironworks, in each of which French interests still participate to the extent of 40 per cent.; and finally the coal basis of the concern in the Ruhr district, the Gewerkschaft Minister Achenbach and the Aplerbecker Aktien Verein fur Bergbau.

On the other hand, the purchase of the Stumm ironworks will greatly enrich the Vereinigten Stahlwerke, completing their production programme and extending their interests in the German heavy industry, but above all it will further strengthen their already strong position within the German Iron Unions. The Vereinigten Stahlwerke will now have at their disposal, together with the newly acquired Stumm works, 7,149,568 tons or 45.5 per cent. of the 15,697,327 tons constituting the entire participation of the crude steel unions. The individual quotas of the newly acquired works are as follows:—

	Tons.
Kraft Ironworks	300,000
Witten Cast Steel Works	397,700
Iron Industry Company...	79,200
Westphalian Iron and Wire Works ...	88,800
Total	865,700

(*Hamburger Fremdenblatt*, May 25.)

The Output of Pig Iron in April.—The *Frankfurter Zeitung*, May 21, publishes a report of the output of pig iron during the month of April, according to which there has been, following upon an increase of 14 per cent. in March as compared with February, a drop of 7 per cent. to 668,203 tons as compared with 716,654 tons in the past month. During the first four months of the year the production amounted to 2,705,687 tons as against 3,670,136 tons in the corresponding period of 1925. Apart from Bessemer, puddle and other pig iron, the output of which, at 4 per cent. of the pre-war figure has become negligible, hematite and special iron make up 45 per cent. of the four months' output as compared with 36 per cent. in 1925. In the individual districts the greatest drop has been experienced in Silesia, North-east and Central Germany, viz. 36 per cent. The decrease in April is partly attributable to the prevailing slackness in the pig iron market, and it should be remembered that there was one working day less than in March.

The following table gives an analysis of the output in April 1926 as compared with the previous month and with April 1925, and also in the period January to April 1925 and 1926 (in tons):—

Varieties.	April 1926.	March 1926.	April 1925.	January to April 1926.	January to April 1925.
Hematite	38,417	35,876	75,925	162,462	293,281
Foundry pig iron	78,022	90,588	102,939	347,788	460,555
Bessemer pig iron	1,207	—	5,616	3,905	20,312

Varieties.	April 1926.	March 1926.	April 1925.	January to April 1926.	January to April 1925.
Thomas pig iron ...	405,020	431,872	512,020	1,664,093	2,072,885
Steel and Spiegel iron, Ferro-manganese and ferro-silicate ...	143,887	157,966	197,319	523,662	813,911
Puddle and other pig iron ...	1,650	352	2,543	3,777	9,192
Total	668,203	716,654	896,362	2,705,687	3,670,136
Districts.					
Rhineland and Westphalia ...	538,558	575,794	693,592	2,164,951	2,878,030
Sieg., Lahn and Dill district and Oberhesse	43,780	44,062	57,486	153,140	219,441
Silesia ...	17,874	15,784	26,085	70,040	109,592
North, East and Central Germany	52,622	61,789	97,933	244,609	380,566
South Germany ...	15,369	19,225	21,266	72,947	82,507
Total	668,203	716,654	896,362	2,705,687	3,670,136
Blast furnaces at the end of April.					
Available	208	208	212	208.0	213.3
Blast furnaces in action	80	79	119	80.8	118.5
Blast furnaces damped down	33	42	14	35.2	12.8
Blast furnaces in repair	67	61	51	62.0	57.0
Ready to be blown in	28	26	28	30.0	25.0
Capacity (24 hours) ...	50,850	50,870	47,120	50,705	46,711
Average daily output ...	22,273	23,118	29,878	22,547	30,584

SOCIAL AND LABOUR CONDITIONS

Unemployment at the End of April.—The situation of the labour market had hardly changed at the end of April as compared with the previous month. The number of those receiving unemployment benefit fell slightly from 1,942,000 to 1,784,165. The number of entirely unemployed members in the trade unions declined from 21.6 per cent. to 18.7 per cent. and that of part-time workers from 21.3 per cent. to 18.4 per cent.

The following received unemployment benefit :—

	Males.	Females.	Total.
On March 1 ...	1,750,139	306,040	2,056,179
On April 1 ...	1,623,269	318,731	1,942,000
On May 1 ...	1,467,235	316,930	1,784,165

These figures show that the absorption of labour by agriculture has not reduced the number of the unemployed to the extent expected, partly because the seasonal increase in the demand for labour is relatively restricted, and partly because conditions grew worse in some branches of industry.

The unemployment statistics of the trade unions show a slight improvement. The building trade, which should tend to revive the labour market at this time of the year, has completely failed to do so, the builders' union returning 26.7 per cent. of its members as unemployed and the carpenters' union 30.4 per cent. The painters' union alone shows some improvement, from 18.1 per cent. to 8.9 per cent.

The total number of trade union members on part-time work has decreased from 640,000 to 598,000. The reduction of working hours is shown below, with the percentage of part-time workers :—

	Apr. 30.	Mar. 31.	Feb. 28.	Jan. 31.
1 to 8 hours	22.5	21.8	21.3	21.6
9 to 16 hours	30.9	31.1	31.6	31.5
17 to 24 hours	32.9	33.3	33.9	34.2
25 hours and over ...	13.7	13.8	13.2	12.7

(*Gewerkschaftszeitung*, May 22.)

LATVIA

POLITICAL AND GENERAL

The New Government.—At the meeting of Parliament on May 4, the new Premier and Minister of Defence, M. Albering, introduced to the House the members of his Cabinet, which includes M. Ulmanis as Minister of Foreign Affairs and M. Blumbergs as Minister of Finance. A motion implying a vote of confidence in the new Government was carried by 51 to 36 votes, the Farmers' Bloc, the Centre and the five Russian members giving it their support, in opposition to the right and left Socialists, while the Balt, Jewish and Polish minorities abstained from voting. According to the Ministerial statement delivered by M. Albering the Government will pay principal attention to improving the country's economic position by promoting agriculture and supporting trade, industry, shipping, fishing and other branches of economic activity. The agrarian reform has been accomplished and must now be followed by agricultural legislation. Large tracts of arable land are to be recovered by bringing wild forests and barren meadows into cultivation, the State bearing the greater part of the expenditure. Fields at present under cultivation are to be dealt with so as to facilitate earlier sowing and reaping, and efforts are to be made to advance stock-growing. The economic crisis is to be overcome by increasing rural production. Energetic measures are to be taken to devise a means of converting short term credits into long term loans for agriculture as well as for industry. As regards foreign policy, the settlement of all outstanding questions is to be pushed forward. As far as possible all trade agreements must tend to the furtherance of local industry. The Government's aim is to ensure the utilisation of the country's raw materials on the spot. The social demands of labour will be given due consideration, but only in relation to the country's position after the havoc wrought by the war ; but the material conditions of labour can only be improved by intensified production. Minorities are to be treated with just consideration, the Government recognising the right of all people to natural development. The possibility of co-operating with them was demonstrated under the late Cabinet. (*Riga Times*, May 8, 15.)

The Economic Situation.—If Latvia's economic position is to be described in a sentence, then it must be limited to the confession that it is just as critical as that of any other country in Europe, writes Oskar Grosberg in the *Danziger Zeitung* (No. 112). It is true that the economic crisis is all the more acute in view of the natural poverty of the land coupled with its extensive requirements, more extensive, indeed, than they can be allowed to remain without endangering the economic equilibrium. The discrepancy between assets and liabilities is most pointedly demonstrated in the enormous growth of imports and the very slow development of exports. In 1925 the deficit in the balance of trade assumed the enormous proportion, for Latvia, of Lats 100 million, and simultaneously with the heavy import total the foreign currency funds of the Bank of Latvia decreased to such an extent that there is every reason for anxiety as to the stability of the currency. In order to meet this danger the Government has increased 67 items in the Customs tariff in the hope of stemming the rising tide of imports. As, however, these increases do not affect any articles which are imported in bulk, but only, with few exceptions, articles which come under the heading of luxuries and are imported in small quantities, it is not likely that any great improvement in the balance will be effected. It must be admitted that the intention of the Government in raising these duties was primarily to increase and promote the productivity of the country, and other measures have been taken with this purpose in view. Much is to be done for agriculture, hitherto the chief support of the export trade, but owing to lack of funds not hitherto developed on intensive lines to the full limits of the capacity of the country. As capital invested in agriculture is very slow to give a return and Latvian agriculture is already heavily in debt owing to recent bad harvests and keen competition in foreign markets, the Government proposals are not likely to meet with much success. Large sums invested by many farmers in the hope of improved conditions have given only a poor return, and fearing as they do the pressure of Russian competition in the world market, they will hardly be inclined to involve themselves in further debt.

Latvian agriculture, in spite of the great progress made in recent years, is on a relatively low plane of development. Its capacity could be increased at least 500 per cent. if only the most primitive conditions for cultivation and cattle breeding were observed. The utter lack of system in working is shown by the fact that artificial fertilisers to the value of Lats 7.5 million were imported in 1925, only a small portion of which was utilised, as the soil is so poor in lime that the "soil bankruptcy" of Latvia is already spoken of. This suggestion is not unjustified, as the harvests, compared with western European results, are extraordinarily small. The farmers find great difficulty in securing labour, as the attraction of the towns draws all the young men of the present generation, and in many cases Polish or Lithuanian labour has to be imported.

The difficult position of agriculture has been partly brought about by credit inflation. Industry has suffered from this to an even greater extent than agriculture. Latvian industry consists chiefly of poorly managed, inadequately financed small concerns, which work inefficiently at great cost and are not in a position by themselves to acquire foreign markets. The few large concerns managed and administered on a practical basis are unable to make progress because they are heavily burdened with taxation and are deprived of facilities for export in consequence of the dilatoriness of the Government in providing in time for foreign trade agreements. Industry is therefore chiefly dependent on the home market, and here again overwhelming foreign competition has to be contended with, for foreign countries are in a position to grant larger credits for longer periods than it is possible for Latvia to do, with its lack of capital. It is true that a few branches will be able to go ahead in consequence of the increased tariff, but it will only be possible to improve the position of industry as a whole when it is released from its heavy burden of taxation, and when it is possible to reduce wages to a reasonable level, of which there is at present little enough prospect.

Trade is depressed, as the general scarcity of money has an all-round crippling effect. Latvia is suffering from an excess of firms, which undermine one another and have hitherto been maintained solely by means of credit operations. Since the Bank of Latvia took drastic measures last autumn with the credit inflation, an example gladly followed by the private banks in view of the heavy losses made by some of them, the situation has become more acute, as the purchasing power of the population has been weakened in consequence of the bad harvests. Bankruptcies are therefore as much the order of the day as protested bills, the number of which has increased enormously.

The outlook for the economic situation is rendered even less rosy by reason of the very costly and incompetent machinery of government, which devours huge sums of money that have to be provided for by means of taxation. Thus the development of productive forces is deprived of considerable sums which are applied to unproductive purposes. Various efforts have been made to reduce the number of officials, but no thorough reduction has been yet undertaken as no decision can be arrived at for disposing of the supernumerary officials. Sooner or later, however, some desperate measures will have to be resorted to, for the depreciation in the balance of trade is also threatening the balance of payments. The equilibrium has hitherto been maintained by means of the capital introduced into the country by Russian refugees. Much money was made in the border trade with Russia and large sums of foreign money were invested in industrial and commercial undertakings. Thanks to these prolific sources it has been possible to build up and stabilise Latvian currency. These sources are now more or less exhausted and the call of the moment is for the greatest possible economy.

The Ulmanis cabinet has honourably endeavoured to lead economic policy along better lines, but the task before it was a very hard one, as the economic affairs of the country cannot be treated on their own merits, but are almost always influenced by the cross-currents of party politics.

FINANCE

Activities of the Bank of Latvia.—The Bank of Latvia is a determining factor in the economic life of the country, the means at its disposal being twice as large as the resources of all the private banks. On January 1, 1926, bank-notes of this institution were in circulation to the value of Lats 28.6 million, so that there was no increase of paper money in 1925. The State sums which are at the disposal of this bank top the list and lend a certain measure of stability to its operations. The normal growth of deposits is constantly hampered by lack of ready money, nevertheless there was a marked increase of deposits in all local banks, amounting to Lats 15 million last year. Discounting and other credit transactions of the bank totalled Lats 114.3 million on January 1, 1926, 42 per cent. representing agriculture and 29 per cent. merchants and manufacturers. Bill rediscounts increased in 1925 by Lats 17.6 million, while letters of credit decreased to the extent of Lats 5.2 million. It became necessary during 1925 for the Bank of Latvia to revise its credit policy, and a minimum of Lats 115 million was fixed for the credit fund, any increase over and above this sum being permissible only in the interests of export or for the promotion of home production. The policy of the bank was to reduce import credits.

The funds of the Mortgage and Land Banks being insufficient for their requirements, the Bank of Latvia issued credits to a total value on January 1, 1926, of Lats 44.4 million, against securities, with a view to supporting productive elements.

The foreign currency fund declined by Lats 18.3 million during 1925, in consequence of the exorbitant imports and the extensive orders placed abroad by the various departments. The stability of the Lat, however, has not been affected.

The turnover of the Bank of Latvia amounted last year to Lats 4,118,218,990, the gross profits to Lats 14.5 million and the net profits to Lats 7.1 million. In accordance with the statutes the sum of Lats 1,787,000 was added to basic capital and Lats 715,000 to reserve capital, while Lats 4,227,000 went to State revenue. The Bank's capital has thus been brought up to Lats 18,183,684, or an increase of 80 per cent. in the course of three years, during which period the State has derived no less than Lats 7,627,000 from the Bank of Latvia. (*Riga Times*, May 8.)

TRADE

Foreign Trade Returns for January and February.—The following data published by the State Statistical Bureau, which do not go further than February, show that the position of Latvian foreign trade is none too favourable, as might be expected from the economic condition of the country. Imports and exports in the last three months developed as follows (in thousands of Lats):—

	Imports.	Exports.
1926 February	26,227	13,550
1925 February	22,964	15,274
1926 January	21,103	16,957
1925 January	22,569	17,349
1925 December	20,171	19,171
1924 December	22,821	21,885

As will be seen, the balance of trade is adverse, but it must be pointed out that the obstacles which have reacted upon Latvian trade are partly, it not entirely, of a temporary nature. Theoretically the Port of Riga, through which 80 per cent. of Latvian exports pass, is navigable, or free of ice, all the year round, but actually navigation can only be maintained with the greatest difficulty, and from the middle of February to the end of March the port was practically closed. In consequence most of the traffic intended for Riga passed through Libau or Windau. Thus export had to be carried on via Windau, but the greater proportion of goods intended for export was held up in Riga.

The following table shows that exports via Riga have dropped to the extent of 58 per cent., whereas those via Windau have increased by 40 per cent. (in thousands of Lats):—

	Riga.	Libau.	Windau.
1925 December ...	15,436	1,303	760
1926 January ...	12,739	870	1,173
1926 February ...	6,439	1,178	1,053

An increase in the value of imports has been registered at all three ports, but Libau and Windau benefited by ice conditions in the Port of Riga (in thousands of Lats):—

	Riga.	Libau.	Windau.
1925 December ...	13,707	1,417	146
1926 January ...	14,437	1,656	353
1926 February ...	15,390	3,006	1,879

The volume of the transit traffic through Latvia was as follows:—

	Tons.
1925 December ...	37,917
1926 January ...	33,504
1926 February ...	28,005

Latvian exports were distributed as follows over the main groups of commodities during the first two months of 1926 (in thousands of Lats):—

	January.	February.
Raw materials and semi-manufactured goods	10,957	7,242
Manufactured goods	3,124	3,577
Foodstuffs and beverages	2,799	2,722
Livestock	1	9
Precious stones and metals	76	—

The export of flax declined from Lats 5,075,000 in January to Lats 2,140,000 in February, England, Belgium and France being the chief customers. The export of wood materials, which rose by 7 per cent. in January as compared with December, dropped by 40 per cent. in February as compared with the previous month. Great Britain took 85 per cent. of Latvia's timber exports, Belgium, Germany and Holland taking the remainder. The export of linseed, which constituted 13 per cent. of the total exports in December, amounted only to 5 per cent. in January and to 1 per cent. in February. The export of butter, the most important branch of Latvia's export trade, maintains a rising tendency and amounted in March to 679 tons, of a value of Lats 2.6 million. For January and February the following countries were the chief purchasers of Latvian butter:—

	January.	February.
Germany	345 tons	466 tons
Great Britain ...	185 ,,	—
Denmark	21 ,,	3 ,,

The export of finished manufactures developed on lines similar to the corresponding months of 1925. Agricultural products represent 55 to 65 per cent. of Latvia's exports, so that wood products and other articles only supply 35 to 45 per cent. (*Rigasche Rundschau*, May 14.)

POLAND

POLITICAL AND GENERAL

Recent Political Developments.—The Skrzynski Ministry, which was formed towards the close of the past year on the resignation of M. Grabski, represented a bold bid to secure political consolidation on the lines of a coalition, embracing parties as widely divergent as the National Democrats on the right and the Socialists on the left. The plans of financial reform drawn up by the Minister of Finance, M. Zdziechowski, caused a rupture in the Coalition and led to the secession of the Socialists. In his endeavour to assure the equilibrium of the Budget for 1926–27 M. Zdziechowski proposed a drastic reduction in the number of State employees in several departments, and at the same time declared his intention to impose a special tax of 5 zlotys per head of the population, a supplementary duty of 10 per cent. on certain commodities and to increase a number of taxes by from 5 to 10 per cent. He estimated that his policy of retrenchment in the State departments, and particularly in the State railways, would effect a saving of some 115 mill. zlotys, and that the proposed increases in taxes and duties, together with the yield of the poll tax, would represent a further economy of 152 mill. zlotys. In this way he hoped to wipe out the Budget deficit of 267 mill. zlotys. To these proposals the Social Democrats offered a stout resistance, contending that in view of the unsatisfactory state of the labour market and of the prevailing adverse conditions in industry the plans of the Minister of Finance were altogether inopportune and ill-advised. M. Skrzynski resigned on April 21, but his resignation was not accepted by the President of the Republic, and he accordingly continued in office with a minority Government supported by the Ministerial Right and Centre. The Budget project of the Minister of Finance for the year 1926–27 could not be passed, and an emergency partial budget for the month of May was submitted to enable the Government to carry on till such time as it could secure the necessary Parliamentary majority for its financial proposals.

The situation thus created proved impossible for the Government, and on May 5 last the President accepted the renewed resignation of Count Skrzynski and his Cabinet. A new Ministry was formed under M. Witos as Premier, and included M. Zdziechowski as Minister of Finance, M. Stanislas Grabski as Minister of Justice, and several other members of the fallen Cabinet. M. Witos appears to have accepted his charge with some misgivings, and he was reported by the *Kurier Codzienni* to have declared in an interview his preference for a Government under Marshal Pilsudski. If this report was well founded the wishes of M. Witos were soon fulfilled. Military mutinies were reported from several towns, with a demand for the resignation of M. Witos and his Government. At this juncture Marshal Pilsudski effected a successful *coup d'état* and occupied with his troops all the Ministries in Warsaw. The members of the Government took flight, the reports as to their subsequent movements and intentions being conflicting. The President of the Republic, M. Wojciechowski, resigned and issued a statement in which he recognised Marshal Pilsudski as the only person suitable for governing Poland in this crisis. The exaggerated reports in the Foreign Press concerning the counter-movements of rival generals against Marshal Pilsudski seem to have had little foundation. Marshal Pilsudski became complete master of the situation. M. Rataj, the Marshal of the Seyn, assumed the office *pro tem.* of President of the Republic and in conjunction with Marshal Pilsudski drew up a new Ministry, which included Professor Bartel as Premier, Marshal Pilsudski as Minister of War, M. Czechowicz as Minister of Finance, M. Gliwicz as Minister of Commerce and Industry, and M. Zaleski as Minister of Foreign Affairs.

This change of Government, which was not effected without a considerable amount of bloodshed (the hospital figures give the number of killed as 310 and that of the wounded as 996), represents a victory for the parties of the Left, although nominally the new Ministry may be regarded as non-partisan. In an official communiqué signed by Marshal Pilsudski it is stated that there is no intention of establishing a military dictatorship and that the sole object of the change was the Marshal's determination to put an end to the mismanagement of affairs by entrusting the Government to men who were more capable of saving the Republic from ruin.

Marshal Pilsudski is perhaps the greatest personality in Poland to-day and enjoys immense popularity, particularly among the masses of the people. He was the first head of the new State at the close of the war. This popularity extends to large sections of the army, over which he exercises an extraordinary influence. Professor Bartel, the new Premier, is a well-known scholar and a member of the Labour Party.

FINANCE

New Foreign Postal Tariff.—The *Mitteleuropäische Wirtschaft, Neue Freie Presse* of May 15 reports that in accordance with the new regulation of the Ministry of Commerce of April 26, 1926, respecting the alteration of the decree of September 14, 1925, on the regulation of the postal tariff, the Polish Post Office will as from May 5 reckon the fees for foreign parcels, telegrams, and telephone calls in terms of zlotys at the gold franc rate of exchange prevailing as the moment. Hitherto the tariff has been expressed in gold francs. The official rate of exchange of the gold franc will be announced from time to time by the management of the General Post Office. This new regulation actually represents an increase of nearly 100 per cent. in the foreign rates for parcels, telegrams and telephone calls, since the Post Office has hitherto reckoned the gold franc at a parity rate of exchange.

Revenue from the State Forests.—The Ministry of Finance has issued the statistics respecting the yield of the State forests in 1925. The total receipts from the forests amounted to 36,031,232 zlotys; but receipts still to be collected run to a further 10 millions, so that the grand total when the final accounts are drawn up should be a round 46 mill. zlotys. The net yield per hectare of woodland ranged from 12.60 to 14.60 zlotys, or, with outstanding items, from 16 to 19 zlotys. Before the war the average yield per hectare was 15.25 zlotys.

Loans from the United States and Great Britain.—According to the *Wirtschaftliche Nachrichten* of May 5 the Polish municipalities of Lublin, Radom, Czenstochau, Petrikau, Tarnov, Tzezov, Kalisz, Dabrowa, Tomaszov, Sosnovice, Bedzin and Pabjanice have received from Messrs. Ulen and Company, the well-known New York bankers, a loan of $10 mill. for purposes of capital investment and public works. It is further reported that a British financial group, acting under the auspices of the British Overseas Bank, has arranged to grant further extensive credit to the Polish sugar industry, which has already received from a similar source a loan of £3,000,000. The sugar industry organisation will apply the money for the purpose of financing the current season, distributing the credit equally between the refineries of Congress Poland and those of West Poland. The industry requires a total sum of about 250 mill. zlotys for new industrial installations and other requisites of production. In their present exhausted state the home banks can supply no more than 75 millions of the total requirements.

Banking Intelligence.—The liquid assets of the Polish banks were diminished from 232 mill. zlotys on April 30, 1925, to 157 mill. zlotys on December 31, 1925. During the same period the total amount of deposits fell from 411 mill. to 366 mill. zlotys. Other movements of the main items during this period were as follows: the aggregate sum of assets fell from 982 mill. to 929 mill. zlotys, cash stocks and foreign bills from 44 to 48 mill., discounts from 300 to 214 mill., open accounts from 286 to 327 mill., total loans granted from 659 to 615 mill., and re-discounts from 172 to 146 mill. zlotys. (*Mitteleuropäische Wirtschaft, N. F. Presse*, May 15.)

The *Danziger Zeitung* of May 18 reports that the Warsaw Commercial Bank and the Bank of the United Polish Territories are to be amalgamated into one concern, chiefly at the instance of the Banca Commerciale Italiano, the principal creditor of the Commercial Bank, which is seeking in this way to assure its interests. The Posen Bank of the Industrial Federations is also about to absorb a number of smaller concerns whose activities have been mainly confined to the former German area of Poland.

TRADE

Foreign Trade Returns for the First Quarter.—The value of imports in March amounted, according to the *Danziger Zeitung* of April 24, to 110.5 mill. zlotys, while that of exports was 132.9 mill. zlotys, resulting in a favourable trade balance for the month of 22.4 mill. zlotys. Despite this favourable balance the March returns are considered unsatisfactory and disappointing, especially when compared with the returns for the two preceding months. The following table gives the import and export figures for the first three months of the year, and also shows the decline in the monthly favourable balances during this period (in millions of zlotys):—

	Imports.	Exports.	Favourable balance.
January ...	68.39	159.3	90.91
February ...	68.89	132.1	63.21
March ...	110.5	132.9	22.4
Total	247.78	424.3	176.52

The favourable balance of 176.52 mill. zlotys is certainly a great improvement on the results for the corresponding quarter of last year, when the balance was an adverse one to the extent of 178 millions. The fact, however, that the value of the exports shows a decline of over 26 millions in comparison with January and is practically stationary as compared with February, while that of the imports has jumped about 42 millions in one month, has given cause for anxiety in Polish economic circles. The results of these three months are the more disappointing in view of the great hopes that were raised by the sudden change in the course of foreign trade last autumn, when, as from September, there appeared a pronounced tendency towards improvement. By the end of August last the adverse balance for the eight months period stood at about 515 mill. zlotys. The September returns showed a favourable balance of 36.1 millions, those for October one of 51.4 millions, those for November one of 70.1 millions, and those for December one of 103.3 millions.

This recent trend of foreign trade was due to the mistaken policy that preceded it. Despite all the warnings of enlightened economic circles not to force exports at the cost of the home market with the sole object of attaining a favourable trade balance, this policy was adopted during the latter months of the past year. Now the Polish Press reports that in addition to cotton it has been necessary even to import large quantities of foodstuffs and provisions. The volume of imported foodstuffs and provisions has rapidly grown during the first three months of this year and in March was nearly double that of January, the figures for the three months being: January, 13,830 tons; February, 18,070 tons; and March, 25,675 tons. Other notable increases have taken place over this period in the importation of building materials, textile goods, metals and hardware, and chemicals. In January 37,520 tons of building materials were imported, in February 63,055 tons and in March 69,440 tons. The figures for textile goods were: January, 3,925 tons; February, 5,110 tons; March, 6,625 tons. Imports of metals and hardware amounted to 4,466 tons in January, 11,650 tons in February and 16,100 tons in March; while those of chemicals rose from 9,190 tons in January to 23,290 tons in February and 24,045 tons in March. The total volume of the main imports during the first quarter of this year were as follows (in tons): building materials, 170,015; foodstuffs and provisions, 57,575; chemicals, 56,525; metals and hardware, 32,216; textile goods, 15,660; machinery, 5,278; plants, etc., 5,230; animal products, 3,300; vehicles, 1,890; colours and dyes, 936 tons.

The decline in the exportation of cereals during the first quarter was most pronounced in wheat, but was also severe in the other varieties. The figures for these exports have been (in tons): wheat, January 26,160, February 9,325 and March 565, total for the quarter 36,050; rye, 29,897, 9,750 and 3,559, total 43,206; barley, 16,445, 7,596 and 8,730, total 32,771; oats, 10,560, 7,710 and 4,120, total 22,390 tons. The decline in the exportation of animal products was in no way so notable.

The Economic Commission of the Senate is now studying the problem of the declining foreign trade balance. It is not, however, considered possible to impose further restrictions on imports, which are at present so necessary for the development of inland industrial activities.

Oil and Coal Exports.—The *Danziger Zeitung* of May 11 states that the exportation of Polish naphtha products, which amounted to 538,000 tons during the first three months of the year, shows a decline in comparison with the total exports of these products in the first quarter of 1925. The greater part of these exports were to Danzig, with Czechoslovakia second and Austria third. Although exports have declined the consumption of the home market has grown, attaining the figure of 484,000 tons in the first quarter of the year, of which total petroleum accounted for 272,000 tons. The exports of petroleum amounted to 159,000 tons.

Coal exports dropped from 669,000 tons in January to 584,000 tons in February, and then slightly increased to 599,000 tons in March, the total for the quarter being 1,852,000 tons. The chief foreign markets were Austria, 720,000 tons; Sweden, 348,000 tons; Denmark, 178,000 tons; Hungary, 150,000 tons; Czechoslovakia, 131,000 tons; Danzig, 93,000 tons; and Italy, 46,000 tons. The *Przemysl i Handel* announces that the export duty on Polish coal has been raised from 6.5 zlotys to 7.5 zlotys per ton. During the month of May the price of Polish coal on the home market rose from 6 to 7 per cent.

INDUSTRY

The Industrial Situation.—The *Przeglad Gospodarczy*, organ of the Central Federation of Polish Industry, Mining, Commerce and Banks, reports very pessimistically upon the present state of affairs in Polish industry. An improvement, it states, is not to be expected while the main cause of the general economic crisis continues and while the crisis itself is aggravated by the depreciation of the zloty. The revival that has been noted in several branches of industrial activity is but a response to seasonal influences and cannot be regarded as anything but temporary.

The textile industry has lately experienced an improvement due to brisker sales to cope with the seasonal demands. The cotton and woollen branches are working on an average four to five days a week. In view of the scarcity of credit and of the general state of commerce the present situation gives no cause for postulating further advance. Cash business does not exist and credit transactions are at such a figure that costs of production are barely covered. It is feared that a much severer crisis will soon set in; at the beginning of May appreciable reductions in labour were made both in the cotton and woollen branches. The relations with foreign markets are becoming worse on account of waning confidence, evidenced by the growing caution in granting credits. The export figures are steadily declining.

The metal industry has not only to struggle against enormous difficulties at the present moment, but sees no prospect of any improvement in the near future. It is at present employing no more than 40 per cent. of the workmen that were engaged in this branch about one and a half or two years ago, when the conditions in general were more normal. The manufacturers who work for the State are in the worst position of all, since the policy of strict retrenchment adopted by the Government has resulted in the elimination or the drastic reduction of State orders. The number of employees is being reduced and short time has been generally adopted.

During the past few weeks the situation of the foundries has grown from bad to worse. The home market has always been one of the best for this industry, but of late orders have fallen off considerably. There has been a very slight improvement in the demand of the private market, but this is only temporary, while exports to Germany have shrunk to a great extent. There are, perhaps, better prospects for exports to other foreign countries, and in this direction lies the sole hope of the industry.

Compared with the situation a year ago the coal mining industry is experiencing very bad times. The terms of payment are difficult, while the relations with the Baltic States, where Polish coal had begun to compete successfully with the British product, became relaxed during the course of April on account of the prevailing uncertainty in the British mines and the possibility of British coal becoming cheaper in foreign markets. Relations were established with Soviet

Russia, whose requirements are very considerable; but owing to the difficult and uncertain terms of payment nothing came of these incipient developments.

In the paper manufacturing branch there is a fairly satisfactory demand, but there are only sufficient stocks on hand of the newspaper variety. For all other qualities the market is daily weakening.

The output of the naphtha industry is about on the same level as a year ago, but with a certain sinking tendency. Compared with 1925 there is at present a decline of 65 in the number of shafts being bored, while the number of hands has been reduced by 30 per cent. Foreign capital interested in this industry is mainly represented by the Standard Oil Company of the United States, which possesses several dozen shafts with a total output of about 300 cisterns per month. French capital is now not so strongly represented, while British capital has been entirely withdrawn. The refineries show a tendency towards stabilisation. Endeavours are being made to make good the loss of the German market, which represented about 35 per cent. of the total Polish naphtha exports, by the development of trade with other foreign markets. Although it would be unwise to expect very satisfactory results from these efforts within the near future, it is interesting to note that the syndicate of Polish refineries which has undertaken the organisation of the paraffin exports has succeeded in negotiating an agreement with the Scottish refineries which covers about 20 per cent. of the entire world production of paraffin, on the strength of which a common monopoly is practically assured of the French and Belgian markets.

The *Mitteleuropäische Wirtschaft, Neue Freie Presse* reports that the number of industrial undertakings in Poland fell from 4,010 at the beginning to 3,616 at the close of 1925, while the number of employees dropped from 378,025 to 284,610. One hundred and ten concerns were liquidated and another 749 were at a complete standstill. The busiest time was in March and May; from June onwards there was a steady decline. At the close of the year the textile industry was working an average of only 3.18 days per week, the metal workers 4.41 days, the foodstuffs and provisions branches 5.55 days, the timber industry 4.52 days, and the chemical industry 5.73 days per week. Of the total number of workers 52.2 per cent. were employed 5 days per week, 23.9 per cent. from 1 to 3 days, 15.7 per cent. from 6 to 7 days per week, while 8.2 per cent. were unemployed

Paper Production in 1925.—During the past year the mills in Poland manufactured 76,000 tons of paper to an aggregate value of approximately 50 mill. zlotys. This output represents an increase of some 28,000 tons on that of the preceding year, which amounted to 48,000 tons. The figures for the other post-war years were as follows: 1923, 52,000 tons; 1922, 42,000 tons; 1921, 31,000 tons; 1920, 20,000 tons; 1919, 15,000 tons. The 1925 figure, therefore, is a record one for post-war years, and moreover exceeded pre-war production by some 6,000 tons, or 9 per cent. (*Mitteleuropäische Wirtschaft, Neue Freie Presse,* May 15.)

SOCIAL AND LABOUR CONDITIONS

Co-operative Societies.—At the present time there are altogether 16,855 co-operative societies in Poland, of which between 2,000 and 3,000 are inactive, the total of active societies being thus reduced to about 14,000. The registered 16,855 co-operative societies embrace the following categories: retail societies, 6,334; credit and mutual benefit societies, 6,270; agricultural trading societies, 1,000; building and dwelling purchasing societies, 934; dairy and cattle farming societies, 774; various trading societies, 437; industrial societies, 421; various agricultural development societies, 172; publishing and booksellers' societies, 108; various professional societies, 91; and miscellaneous, 314. (*Mitteleuropäische Wirtschaft, Neue Freie Presse,* May 15.)

YUGO-SLAVIA

POLITICAL AND GENERAL

Instability of the Political Situation.—The Premier, M. Uzunovich, who assumed office after the fall of M. Pasich, resigned with his Cabinet on May 14 following upon an adverse vote in the Skupshtina as a result of the interpellation concerning the corruption charges against M. Radomir Pasich. These charges against the son of the ex-Premier and other members of the Radical party were strongly supported by the section of the Radical party led by M. Jovanovich, who formed a separate Radical dissentient "club" in opposition to the main Radical group. The disintegration of the Radical party is expected to continue, and it is probable that this will mean the definite close of the political career of the ex-Premier, M. Pasich.

The resignation of the Uzunovich Cabinet was not accepted. Negotiations were renewed with the Croat Peasant party, resulting in the formation of the fourth Ministry under M. Uzunovich, based on a coalition of Radicals and Croat Peasants. The attitude of the latter party is by no means certain and the Government is therefore regarded once more as only a temporary one. Further changes and shuffling of the various party positions are expected, with the result that in the near future at least there can be little hope of the establishment of a really stable Government. The instability in the political world is reacting upon the country's economic life, and it is feared that little progress will be made while the present state of affairs continues.

Economic Development of the Nish Province.—The possibilities of developing the Nish province of Yugo-Slavia and the accruing opportunities for the fruitful investment of foreign capital are the subject of a contribution to the *Belgrade Economic and Financial Review* by M. Dj. Jankovitch, Director of the Juzna Moravska Banka. It is generally accepted, states the writer, that for the advancement of the country and also for the creation of fresh capital the investment of foreign capital in Yugo-Slav industry is essential. In the first place capital is required for the construction of public buildings and of dwelling-houses, of both of which there is a great lack. The Monopoly Management is building a central tobacco factory for the whole country, but its construction is proceeding very slowly since there is not sufficient money to carry out the plan in its entirety. For a similar reason the erection of workers' dwellings is being held up. The Nish Railway Works, the largest in the kingdom, are also badly in need of extension. The Belgrade Railway Provincial Management was to have been transferred to Nish, which would then become the headquarters for Serbia and Macedonia, the Central Management remaining in Belgrade. The transfer is temporarily postponed through lack of funds. Many more buildings are required for the military, for Customs offices and people's clubs, while new theatres, town halls, markets and numerous bridges are planned and awaiting the necessary means for their erection. There are two textile factories at Nish, manufacturing mainly cotton fabrics; the larger of the two has 200 looms and recently purchased a cotton spinning enterprise in this town. As both these factories are suffering from lack of capital, foreign investors would be able to acquire a dominant interest in them. An appreciable profit can be realised, and with a good sales organisation Greece and Bulgaria particularly would become invaluable markets. There are likewise two important leather factories at Nish, one belonging to the Industrijsko-Prometna Banka and the other to the Nish Trgovachka Banka. The latter also possesses a boot and shoe factory, while another such factory belongs to the Nish Co-operative Society. Both of the above mentioned banks have failed and their factories have consequently ceased working. The Nish Co-operative has also found it impossible to continue its boot and shoe factory under its present financial circumstances. These houses have failed mainly through investing other people's money beyond their power of cover, obtaining short term loans on bills and savings deposits, so that they were unable to meet their obligations as soon as the financial crisis set in. The general conditions are favourable for conducting a prosperous business, especially in respect of raw material, of which there is a sufficiency at hand and even a surplus available for export.

With regard to the export trade the province of Southern Morava, of which Nish is the centre, exports maize, oats, beans, vegetables, fruit, nuts, small and large live stock, leather, Hashkavlj cheese, eggs, etc. The manufactured goods exported are hempen goods, tiles and kerchiefs. If Nish possessed a suitable slaughter-house (the present one is very primitive) a good export trade could be done in meat; live cattle only are exported at present, but the meat trade could be conveniently developed in conjunction with the tanning of hides and the trade in other by-products that are required by home industry. At present the exportation of goods is completely unorganised, the Nish producers selling their goods chiefly to the large exporters at Belgrade and Skoplje, a process that naturally makes the wares dearer. A small number of merchants come from Salonica and Constantinople to buy directly. An organisation exclusively devoted to export business would be very welcome to the province.

In connection with the question of capital investment in Yugo-Slavia the *Belgrade Economist* points out that the State Mortgage Bank gives loans at 10 per cent. interest and 4.2 per cent. redemption, altogether 14.2 per cent. with a 12 years' period of repayment. It has debts abroad in gold and at the same time charges its debtors in paper dinars. If the rate of the dinar did not change, in 12 years 100 dinars would give a profit of 170 dinars. Presumably, however, the rate of the dinar exchange will improve and thus increase the profit at the end of this period. As guarantee for money invested the bank would require mortgages and the guarantee of the Nish municipality and of the whole province, which is an autonomous local body and has its own separate budget.

FINANCE

Belgrade Bourse Report for 1925.—In the annual report of the Belgrade Bourse reference is made to the considerable diminution of the favourable balance of foreign trade, despite the fact that the general harvest in 1925 was superior to that of previous years. The main cause of this retrograde movement lay in the fall in the price of cereals which reduced the value of exports, and also in the rise of the dinar. There was not a corresponding fall in the prices of the chief imports. These circumstances reduced the buying capacity of the rural population, and towards the end of the year stagnation set in, having a marked effect upon the operations of the Bourse. In spite of the suppression of inflation and the imposition of higher Customs rates, the economic crisis was aggravated by a concomitant crisis in industry. In face of all adverse circumstances the national currency was stabilised last year; for the first time the dinar was for a reasonable period maintained at a constant level. While the country continues to suffer from the prevailing crisis there can, however, be no foundation for a permanent stabilisation.

Although from an economic point of view the past year was not at all favourable, the business of the Bourse in stocks and securities was generally brisk. The volume of operations was considerably augmented, particularly as regards the 2½ per cent. War Indemnity stock to which the Bourse gave special attention, being convinced that this form of security is likely to become one of the mainstays of public credit. In previous years the Bourse had made several futile attempts to revive the Products Exchange; last year an attempt was again made on a new basis and this appears to be meeting with success.

The following table gives the comparative movements of the Bourse operations during the past two years (in dinars):—

	1925.	1924.
Exchange	13,965,750.55	11,470,611.10
Foreign bills ...	3,562,473,204.70	3,459,629,135.33
State securities ...	623,351,667.80	225,872,942.85
Bank shares ...	9,492,833.00	5,741,695.00
Other shares ...	1,807,148.50	377,598.00
Total	4,211,090,604.55	3,703,091,982.28

Cash transactions amounted to a total of 3,554,316,949.44 dinars and term transactions to 656,773,655.11 dinars in the course of the past year. The number of members in 1925 was 289 as against 320 in 1924; the number of visitors, 76 as against 74; the number of concerns quoted, 48 as against 67; and the number of subscribers, 790 as against 746. The net profit of the Belgrade Bourse in 1925 was 2,358,213.45 dinars, as compared with 1,884,695.85 dinars in 1924. (*Trgovinski Glasnik*, May 15.)

The Credit Market.—The great need of credit is becoming more and more the main subject of discussion in economic circles, writes M. Milorad Nedeljkovitch in the *Belgrade Economic and Financial Review*. Without this credit, which must come from abroad, since the country has not sufficient capital of its own, there can be no hope of economic progress in Yugo-Slavia. This need is severely felt not only by industry and commerce, but by the crafts, by agriculture and every branch of economic activity, by the State itself and by the city municipalities which are busily engaged in setting up new means of communications and buildings of general service. There are consequently attempts to "organise credit" and obtain funds either within the country or abroad. In addition to the large credit institutions of the State, the home banks, the National Bank, the State Mortgage Bank and the Post Office Savings Bank, there has been established the Agricultural Credit Institution, to which the State has granted 50 mill. dinars and promised the necessary requirements up to 500 millions, and the Crafts Bank. But home resources are inadequate to meet the demands of economic life.

In forming an estimate of the position on the home market a paradoxical phenomenon is evident and constant, viz. that the banks are full of cash deposits, while at the same time the business world cannot obtain credit, especially for capital expenditure. The abundance of money can be seen from the current accounts of the National Bank. As an instance of the increase some figures relative to the development last year are submitted. On January 8, 1925, the item of current accounts at the National Bank was given as 310,034,273 dinars; for a full six months the total moved between 300 mill. and 400 mill. dinars, subsequently increasing to a very considerable extent. On June 15 this item was 462,982,717 dinars; on July 15, 592,009,569 dinars; on August 8, 719,710,309 dinars; and on August 22, 842,836,805 dinars. After the end of August there was a fall, until by November the item had dropped to 500 millions and on December 22 it stood at 453 mill. dinars. At the same time the Post Office Savings Bank also had an abundance of money in hand. While in the first half of 1925 the Central Post Office Savings Bank and its branches had cash (including its current account at the National Bank) to the extent of 40 to 50 mill. dinars daily, the amount after this date up to the end of the year fluctuated between the minimum figure of 109,210,885 dinars on August 13 and the maximum of 184,214,228 dinars on November 25. These figures for the second half of the year represent the highest ever reached by the Post Office Savings Bank; but it should be remembered that at the same time large sums were being constantly taken out and placed in suitable investments. The continued return of the total to an average of 150 millions is the best illustration of the amount of uninvested liquid capital in the Bank, which was drawing there only 2 per cent. interest. A similar abundance of ready money occurred also at the private banks in the autumn. This is the season when in the ordinary way the export trade is in full swing and when all the available capital at home and all that is borrowed abroad is in use for the purchase of corn from the peasants. Last year, however, there was an unexpected fall of prices in the world corn market and the capital prepared for export purposes was forced to remain idle for some months, entirely or almost wholly without interest, on current or cheque accounts. Use was made on the Stock Exchange of this temporary flush of money waiting for export, with the result that the State securities and bank shares experienced an unprecedented rise, and that for the first time there was a considerable investment of money in securities on the part of the general public. The improvement of prices in the corn market in the meantime, however, caused this ready capital to begin to revert to its proper use, and the hopes were disappointed that this liquid capital, in default of commercial investment, would turn to capital investment.

The destruction of these illusions and unfounded expectations placed the country once more in the position of a dire need of investment credits, the absence of which is causing tremendous difficulties. It is necessary for all branches of economic life to make joint efforts, preferably in conjunction with the State, to obtain the requisite capital abroad. Capitalists in America seem well disposed (perhaps more so than to State loans) to the schemes of the larger municipalities for capital expenditure, since the credits here required are exclusively productive, with sound foundation and on short terms. The introduction of foreign capital into the business life by means of municipal loans would bring about inestimable good consequences for Yugo-Slavia. The State Mortgage Bank should play an important part in the settlement of the credit crisis. This first-class bank, with large reserves based on mortgages for loans and with State guarantee for all its obligations, should be the first to get credit abroad through the issue of its mortgage bonds, which are popular with all classes of the people, and such securities are easier to place nowadays than purely State loans. As regards the organisation of the home credit market much hope is reposed in the Post Office Savings Bank, which has obtained from the State special privileges for accepting savings deposits, whereas hitherto it has received deposits only on cheque accounts, which naturally proved unstable.

When the present economic crisis has passed and many of the home banks have obtained greater liquidity, the confidence of the nation in the banks will probably return and then greater sums from the national savings will be placed in them. This will do something to improve credit conditions in the home market; but enterprises requiring funds for large capital expenditure will still have to look abroad.

The Post Office Savings Bank.—A special communication has been issued to the general Press concerning the development of the Yugo-Slav Post Office Savings Bank, which, although it has been operating in its present form for only two years, has had a most marked effect upon the thrift of the country. The main objects of this institution is to organise savings and to encourage payments by cheques and the system of transfers, methods that have not hitherto been popularised. The progress that has been made is very satisfactory. In 1914 there were altogether 3,354 current accounts; in 1920, 5,079; in 1921, 7,040; in 1922, 8,294; in 1923, 9,985; in 1924, 11,306; and in 1925, 12,459. The respective sums effected in payments on the current accounts during the past six years have been as follows (in dinars): in 1920, 2,633,168,476.88; in 1921, 7,976,574,545.58; in 1922, 17,266,598,015.85; in 1923, 26,399,620,216.75; in 1924, 31,621,558,843.94; and in 1925, 36,977,943,748.99. The payments effected on the basis of the entire accounts during the period from 1923 to 1925 (inclusive) were (in dinars): in 1923, 63,153,956,607.20; in 1924, 113,468,740,962.92; and in 1925, 134,932,697,702.82. These figures demonstrate the fact that the Post Office Savings Bank occupies alongside the National Bank the premier position among the financial institutions of the country in respect to available funds. Although the rate of interest is relatively low (2 per cent.), the deposit accounts amount to considerable sums. One of the great advantages of the deposit account is that the money can be immediately transferred to the current account. The aggregate deposit account shows a progressive tendency. Calculated at the end of January each year the sum total of deposits has increased as follows (in dinars): 1914, 19,187,327.93; 1920, 50,986,466.41; 1921, 200,744,436.85; 1922, 226,347,894.34; 1923, 242,439,536.97; 1924, 296,241,358.84; and 1925, 348,196,021.77. The Post Office Savings Bank is obliged to keep a more or less important liquid sum to hand (on December 31, 1925, it amounted to 124,453,282.96 dinars). The remainder of the available cash is loaned to private credit institutions at short date. During the course of the past year the Post Office Savings Bank granted credits in this form to the extent of some 300 mill. dinars.

This concentration of national thrift will result in the Post Office Savings Bank playing a more important rôle in the market of real estate securities. It has already exercised a considerable influence upon the stabilisation of public securities, especially in respect to the Two-and-a-Half per cent. War Indemnity obligations. At the end of December 1925 the Savings Bank had in its portfolio public bills to the value of 13,279,848.81 dinars. In 1925 the Savings Bank granted about 20 mill. dinars in loans secured on the war indemnity bonds; it also rendered considerable services to the Treasury and to other State institutions. It further exercises a healthy influence upon the rate of discount, contributing to its diminution. The effect of granting some 300 or 400 millions of dinars at from 5 per cent. to 6 per cent. at the moment when the market discount rate is at 20 per cent. must not be underestimated.

The Post Office Savings Bank is a State institution. Its profits, which totalled 33,659,712.37 dinars in 1925, constitute a budgetary receipt, after the necessary deductions are made for reserves and certain other constant requirements.

Revision of Telegraph and Telephone Rates.—As from April 1 last the new telegraph and telephone tariffs for communications with foreign countries came into force. The current telegraphic rates for the service with the most important foreign countries are as follows (dinars per word): Great Britain, 4.51; Germany, 3.08; France, 2.97; Italy, 1.98; Austria, 1.98; Belgium, 3.52; Bulgaria, 1.98; Denmark, 5.52; Norway, 4.40; Poland, 2.86; Portugal, 4.29; Rumania, 1.98; Russia, 5.83; Hungary, 1.98; Holland, 3.52; Czecho-slovakia, 2.75; Switzerland, 2.75; Sweden, 3.65; Spain, 3.52.

The current telephone rates from Belgrade to the foreign centres mentioned hereby are (in dinars per three minutes' conversation): to Vienna, 44; to Rieka, 35.75; to Trieste, 35.75; to Venice, 44; to Braila, 44; to Bucharest, 33; to Budapest, 33; to Pressburg, 33; to Prague, 38.50; to Arad, 33. There is a slight modification in the rates from certain other Yugo-Slav towns to foreign centres. (*Trgovinski Glasnik*, April 1.)

TRADE

Export Trade Returns for the First Quarter.—The export trade in March last totalled 409,347 tons and 216,498 pieces to the aggregate value of 686,093,206 dinars (paper) or 62,667,215 dinars (gold). These figures show an increase over those for January and February this year, but are below the returns for the corresponding month of last year, when the value of exports was 817,744,741 dinars (paper) or 67,918,998 dinars (gold). The main exports were: eggs, 5,182.2 tons to the value of 98,156,178 dinars (paper); maize, 71,737.9 tons to the value of 97,563,541 dinars; timber for building, 115,381.9 tons to the value of 88,970,490 dinars; raw hides, 3,702.5 tons to the value of 87,061,993 dinars; horned cattle, 11,339 head to the value of 36,058,020 dinars; wheat, 11,195.5 tons to the value of 32,242,939 dinars; fresh meat, 1,363.7 tons to the value of 21,136,869 dinars; horses, 6,115 head to the value of 19,078,800 dinars; swine, 11,194 head to the value of 15,447,720 dinars; minerals, 87,310.5 tons to the value of 14,890,620 dinars; cement, 34,676.0 tons to the value of 14,620,580 dinars; hemp, 1,270.3 tons to the value of 10,970,490 dinars; prunes, 1,814.6 tons to the value of 10,778,991 dinars; and lead (in slabs), 1,025.4 tons to the value of 10,054,400 dinars. The value of other exports in no single case attained the figure of 10 mill. dinars (paper).

The exports during the first quarter of the present year totalled 1,113,041 tons to the value of 1,767,635,860 dinars (paper). The consignments were distributed as follows among the different foreign markets:—

	Quantity (in tons).	Value (in paper dinars).	Percentage of total value.
Italy	547,683	592,973,288	33.55
Austria	77,380	306,281,056	17.33
Germany	227,620	178,120,077	10.08
Rumania	85,970	162,263,259	9.18
Greece	43,596	100,362,618	5.68
Switzerland ...	11,678	90,399,158	5.11
Czechoslovakia ...	58,025	86,317,981	4.88
Hungary	116,571	68,204,572	3.86
France	26,994	67,259,825	3.81
Great Britain ...	14,294	21,544,439	1.22
Egypt	41,768	20,545,390	1.16
Poland	1,208	12,937,420	0.73
United States ...	31,362	12,709,268	0.72
Belgium	5,332	10,955,935	0.62
Holland	3,391	8,584,036	0.49
Turkey	997	7,074,088	0.40
India	8,347	4,912,657	0.28
Argentina ...	1,682	3,547,850	0.20
Spain	3,532	2,695,360	0.15
Albania	2,134	1,887,660	0.11
Bulgaria	952	1,623,743	0.09
Tripolis	3,063	1,427,542	0.08
Algeria	1,449	1,306,860	0.07
Russia	57	1,247,200	0.07

The value of exports to the remaining countries attained in no single instance the figure of 1 mill. dinars. (*Trgovinski Glasnik*, April 30, May 9.)

Commercial Treaties.—The *Vreme* of May 8 reports that the British Minister at Belgrade has received a reply from the British Government respecting the Yugo-Slav counter-proposals concerning the import duties on British goods, and that a provisory agreement has accordingly been signed pending the conclusion of a definite commercial treaty, the negotiations for which will take place in London.

It is further reported that negotiations for a similar treaty with Czechoslovakia are to be opened very shortly.

The commercial treaty concluded with Albania concedes special Customs advantages to a number of Yugo-Slav exports entering Albania, the chief commodities in question being timber and articles manufactured from wood, cement, beer and certain manufactured articles. In return Albania is granted special treatment for the exportation of fish, hides and wool to Yugo-Slavia.

The *Morgenblatt* of May 19 considers that the present year will be eventful in respect of the development of Yugo-Slavia's trade relations with foreign countries. A number of commercial treaties of much importance have already been or will soon be concluded, while further agreements are projected. The early conclusion of a commercial agreement with Belgium is very desirable, since, although the exchanges between the two countries are not considerable, Yugo-Slavia's exports to that country show a tendency to increase very rapidly; it would be worth while to cultivate this foreign market. In 1920 the value of exports to Belgium was only 1,644,384 dinars; in 1922, 6,040,573 dinars; in 1923, 10,497,058 dinars; but in 1924 it attained the figure of 23,146,098 dinars.

THE ECONOMIST'S BOOKSHELF.

THE TRADE CYCLE.

Banking Policy and the Price Level: an Essay in the Theory of the Trade Cycle. By D. H. ROBERTSON, M.A., Lecturer in Economics in the University of Cambridge. (London: P. S. King & Son, Ltd. Price, 5s. net.)

The theory of money and credit has already reached a level at which discussions about the volume of money and credit circulation and its influence on the level of prices no longer satisfy the scientific mind, whether it be in favour of or opposed to the quantitative theory. The fluctuations in the "quantity" of money and credit seem to be subject to much more complicated rules than was hitherto conceived, and also to have consequences even more important than bare variations of the general price level. Mr. Robertson's book is an investigation in that direction. He seeks for an explanation of the fluctuations of industrial output and does not discover it either in the pure theory (inflation or contraction of credit) or in the psychological theory (which attributes these fluctuations to the "bullish" or "bearish" state of mind of business people). There exist inevitable or, as Mr. Robertson calls them, "appropriate" fluctuations of output quite independent of these factors. In a state of natural exchange three principal causes can provoke fluctuations of this kind in every branch of industry: (1) increase or decrease in its operating costs; (2) strengthening or slackening in the intensity of desire of the members of this branch for the products of other branches; (3) the market exchange equation between the products of the branch and the products of other branches becoming more favourable or less favourable to it.

The magnitude and even the direction of the influence of these causes upon the output of the given industrial branch depend upon the elasticity of demand for the different goods exchanged. In a state of economy based on money and wages the question becomes still more intricate because of the element Mr. Robertson calls "elasticity in terms of effort." The psychological incentives offered by the above-mentioned factors act differently on the output in connection with the interests which prevail in the management of the industry (whether workmen or employers). Mr. Robertson does not think there exists a common criterion as to what is to be called the optimum rate of output. The disharmony of interests between capital and labour is, according to him, more real and fundamental than that to which critics of the existing social order have directed their attention.

The author analyses two hypothetical cases of increased output (under the category of "appropriate fluctuations"). Different methods of money supply are supposed to be applied to these cases (unchanged money supply, money supply adjusted so as to preserve the ultimate stability of the general level of prices, money supply adjusted to reflect changes in one or in another industrial branch, etc.). In studying these cases, Mr. Robertson is fully aware of the impossibility of following the real monetary routes by which the market equilibrium is reached, but he thinks his analysis permits him to state that the monetary policy aiming at price stability is not "at the top of the poll." It does not present sufficient stimuli to provoke an increase in output. "A more direct and immediate stimulus to increased output is afforded by rising money receipts (under the actual wage and money system) than by falling prices of the objects of expenditure."

These views find their repercussion in the author's theories on circulating capital. The process of capital formation is called "lacking" ("lacking" is also the name he gives to capital). There are short and long lacking (circulating and fixed capital); imposed lacking as the opposite of spontaneous lacking (the first being compulsory thrift imposed on a part of the people by an increased creation of purchasing power unities), etc. Without trying to explain here all the subtle discriminations of Mr. Robertson we must put into light his principal idea; in many cases which he describes, the increase in production cannot be accomplished otherwise than by the creation of circulating capital by the banks which impose "stinting" on a part of the public when they extend credits to their customers. Therefore, credit extension, which stimulates the rise of prices, is often necessary. But with the prices being higher the demand for short lacking is also increasing, requiring new credit extensions and so on. This tendency is, however, checked because (1) a part of the bank assets (e.g. Government securities) has no tendency to increase, (2) spontaneous hoarding continues often in periods of rising prices ("induced lacking") even on a larger scale, (3) the banks can attract new "lacking" and diminish the demand for it by raising the rate of interest.

The fluctuations of output as well as the fluctuations of prices are necessary adjustments to altered conditions which the banks must not try to prevent. But both the upward and the downward tendency (especially the latter) have the tendency to perpetuate themselves. The author's conclusion is: "The aim of monetary policy should surely not be to prevent all fluctuations in the general price level, but to permit those which are necessary to the establishment of appropriate fluctuations of output and repress those which tend to carry the fluctuations in output beyond the appropriate point."

The last chapter of Mr. Robertson's work represents a study on the relation between short and long lacking (circulating and fixed capital), where the conditions of mutual adjustment of these categories as well as the means of influencing them are analysed in a very interesting way.

It may be seen that the book under review contains certain very interesting ideas. But it is very difficult to agree with the distinction the author makes between the fluctuations in appropriate and inappropriate. It is to be observed that the work gives no proper definition of either of these groups. In any case, inappropriate fluctuations of output do not confine themselves to the cases Mr. Robertson quotes in Chapter IV. As far as we can see, even those fluctuations he calls appropriate can become inappropriate if left to their own progressive tendencies (whether upwards or downwards). The banking policy of Mr. Robertson is based on theoretically justifiable ideas, but they have the fault of letting loose tendencies to fluctuation which one will not be able to dominate (as Mr. Robertson seems to admit himself in the case of depression).

From the last chapter we have inferred that the author is quite aware of all the conditions which can possibly influence the relation between the volume of fixed and circulating capital. One must only point out that these different conditions *determine the effect of any possible banking policy on the price level.*

We cannot discuss here the formula ($K = nD$) of optimum proportion between money circulation, annual income, circulating capital and the value of output (p. 58), but we do not consider its elements as "entirely independent" and the formula on the whole as adequate.

The writer has followed the advice given in the introductory chapter and has read every chapter twice. In fact, notwithstanding a certain experience he has of economic books, it was the only possible way for him to understand this book. Mr. Robertson claims the right to write in a difficult jargon (p. 4). The opinion of the writer on that subject is quite opposite; he thinks certain expressions (as "demand is normally (?) elastic," "effort-elasticity of demand") given without any explanation lead only to misunderstanding.

M. GRINBERG.

PUBLICATIONS RECEIVED.

Kölner Sozialpolitische Vierteljahresschrift. Fifth year, No. 1. (Halberstadt. Price, Rmk.15 per annum.)

Primitive Trade, Its Psychology and Economics. By Elizabeth Ellis Hoyt, A.M., Ph.D., Associate Professor of Economics, Iowa State College. (London: Kegan Paul, Trench, Trubner & Co., Ltd. Price, 7s. 6d. net.)

Report on the Economic, Financial and Commercial Conditions in the Republics of Costa Rica, by F. N. Cox, His Majesty's Consul, San Jose, *and Panama,* by Captain E. A. De Comeau, British Vice-Consul, Colon. 1925.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 1s. net.)

Some Early Tracts on Poor Relief. Edited by F. R. Salter, M.A., Fellow and Lecturer of Magdalene College, Cambridge. With a Preface by the Right Hon. Sidney Webb, M.P., LL.B. (London: Methuen & Co., Ltd. Price, 5s. net.)

Survey of Economic and Financial Conditions in the Republics of Guatemala, Honduras and El Salvador, 1924–25.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. net.)

The Coming Collapse in Rubber? An Economic Analysis. By L. L. B. Angas. (London: King and Hutchings, Ltd. Price, 2s. 6d.)

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	7	Madrid ...	5	Stockholm ...	4½
Bucharest ...	6	Moscow ...	8	Tokyo	7.3
Budapest ...	7	New York...	3½	Vienna	7½
Copenhagen...	5½	Oslo	5½	Warsaw	12
Danzig	7	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.

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

STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	**367.9**	**296.6**	**1923**								
May 14	**391.2**	**325.5**	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	**July 17**	160.3	157.5
July 16	**418.8**	**316.9**	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
Dec. 17	**257.0**	**263.8**	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
1921			Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
Jan. 14	**244.2**	**245.9**	May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Apr. 15	**202.8**	**204.8**	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
July 15	**194.4**	**194.1**	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
Oct. 14	**170.2**	**180.7**	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Dec. 16	**158.2**	**167.9**	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 30	**150.0**		Oct. 19	166.0	158.1	1925			Mar. 12	146.1	144.4
1922			Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 26	145.2	
Jan. 20	**144.0**	**164.0**	Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	April 16	148.1	143.6
May 19	**162.1**	**160.6**	1924			Mar. 13	172.8	166.3	,, 30	148.4	
July 14	**165.1**	**160.3**	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5	May 21	150.2	
Sept. 15	**161.2**	**154.3**	Feb. 15	187.9	167.0	May 15	158.7	159.0	28	149.8	
Dec. 15	**161.2**	**155.8**	Mar. 14	182.1	165.4	June 19	160.6	157.6	June 4	150.2	

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. 30 ...	72.2	163.9	60.4	107.9	87.9	106.2	89.9	117.0	103.7	80.0	98.91	... Apr. 30
May 21 ...	71.7	161.5	60.4†	108.8	89.8	109.4	87.0	124.9	105.9	81.8	100.12	... May 21
,, 28 ...	71.7	161.4	60.4†	104 4	90.3	109.4	87.0	128.9	103.7	81.2	99.84	... ,, 28
June 4 ...	71.7	159.7	60.4†	108.8	89.4	109.4	88.4	128.9	105.9	78.8	100.14	... June 4

† Nominal. * 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. Week ending.	Industrials.	Bonds.*	In London. Industrials.	Gilt edged.	In New York. Week ending.	Industrials.	Bonds.*	In London. Industrials.	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	*91.7*	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**	Apr. 17	168.7	106.9	121.8	113.3
Oct. 27	*105.7*	99.7	126.5	119.7	May 1	176.8	107.6	122.6	114.7
1924, Jan. 1	117.4	98.4	121.3	114.5	,, 8	172.9	107.2	119.5	112.5
,, 19	119.1	100.1	119.1	*112.2*	,, 22	173.1	107.1	125.8	114.3
June 21	115.3	103.3	*118.2*	118.0	,, 29	176.9	107.2	126.4	114.7
Nov. 8	130.1	103.7	133.7	**120.4**	June 5	179.2	107.1	126.3	114.6

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

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