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July 23, 1926

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COMMENTS

THINGS are moving so rapidly in France that by the time our readers get this journal the Herriot government may be overthrown and the franc may have touched new low unprecedented "records." Every true lover of France will feel shocked and alarmed at the events that have taken place there during the last few days. We cannot describe the action of the Chamber in overthrowing the most competent and courageous Finance Minister she has ever had as an act of utter folly and political irresponsibility. No serious man will undertake the arduous task without first making sure that his efforts will not be hampered by the endless red tape and procedure of political discussion. If the Chamber that refused full powers to M. Caillaux does not want to take upon itself the odium of bringing about a complete financial catastrophe, it will have to grant them to some other person—but to whom? There seems to be no real alternative to M. Caillaux. Should, however, the Chamber persist in its present attitude, there seems no other way out but a dissolution. Otherwise France will have to travel the German road.

THE tragedy of the French situation is that, as we have frequently pointed out, she seems to have learned nothing from the German lesson. Will there be a real financial débâcle in France as there has been in Germany? If there is, we are afraid that the political consequences may be of a most dangerous kind. The thrifty small investor, who for generations has been putting all his savings into gilt-edged securities, will hardly put up with what is perhaps the wickedest kind of spoliation—the melting away of his savings owing to inflation. As it is, they are only worth a small fraction of what he originally put in. Their complete deterioration may lead to exasperated actions of a disastrous nature. Communism or Dictatorship? These two words are frequently repeated at street corners, and if as yet their importance must not be over-estimated, one can hardly blame the Frenchman in the street for the strong wave of anti-parliamentarism which is at present pervading the country.

IN his final report on Hungarian finances, Mr. Jeremiah Smith, formerly Commissioner-General of the League of Nations for Hungarian reconstruction, states that the provisional State accounts show that the total receipts from the revenues pledged to secure the reconstruction loan during the fiscal year July 1st, 1925, to June 30th, 1926, have amounted to 258 million gold crowns. The annual service charge of the Reconstruction Loan is slightly under 33 million gold crowns and the annual receipts, which are substantially permanent, are, therefore, approximately eight times the

annual service charge. Mr. Smith goes on to report that the Hungarian National Bank was one of the most important elements in the reconstruction plan, the success of which depended to a great extent on the important duty imposed on the Bank of maintaining the stability of the currency. Two years have elapsed since the foundation of the Bank, and its position to-day is much stronger than anyone expected. Ample reserves have been accumulated, sufficient to meet any contingency. The currency has been placed on a sound basis, and there is no reason to doubt that it will be maintained there. Meanwhile the Bank has reduced its discount rate from 12.5 to 7 per cent. The concentration of Government balances at the Bank was completed without disturbance. The preparations for the issue of the new currency are well advanced; bank notes and coins will be ready for issue on January 1st, 1927, when the *pengo* will become the obligatory unit. The greater part of the silver required for the first issue of coin has already been bought on a falling market at very satisfactory prices. The total amount necessary to meet the service charge on all of Hungary's long-term foreign obligations now outstanding is 93,783,021 gold crowns.

MOST of the German Joint Stock companies have now published their balance-sheets for the first business year ensuing the stabilisation of the currency. It therefore becomes possible to survey retrospectively the situation as regards yield of these companies. The Statistical Office of the Reich has just published a compilation of balance-sheets of the joint stock companies which have just closed their books. This analysis comprises seventy-six per cent. of the aggregate stock of German joint stock companies and represents a paid-up capital of 14,000 million Rm. Since more than two-thirds of the balance-sheets surveyed belong to concerns originated somewhere about December 31st, 1924, it may be said that the figures submitted reflect the situation as it appears at the end of the first year after the transformation of the companies' share capital on a gold basis. Out of the number of companies considered, 4,988 or sixty-five per cent. show a profit; 2,287 or twenty-nine per cent. a loss. 391 companies balance with neither profit nor loss. For the business year 1924-25, net profits of all the companies comprised in the analysis amounted to 4.1 per cent. of their share capital and reserves, while the average of dividends paid was 3.9 per cent. of the issued share capital. For companies formed before the war, the corresponding figures were 4.4 per cent. and 4.3 per cent., as against a pre-war average of 10.5 per cent. net profits and 8.4 per cent. dividends. The total amount paid in dividends by the latter companies was 447 million Rm. in 1924-25 as compared with 974 million marks in 1913-14.

ACCORDING to some other statistics obtained from a private source, and which deal with 1,675 German joint stock companies whose shares were officially quoted on German Bourses at the end of 1925, the average dividend paid for the first year after stabilisation amounted to

3.97 per cent. The average yield for some of the most important industries is placed as follows: 140 breweries 9.5 per cent., 60 insurance companies 6.9 per cent., 100 banks 6.3 per cent., 160 textile companies 6.1 per cent., 83 electric power, etc., plants 6.1 per cent., 25 lignite mines 5.9 per cent., 72 paper factories 4.9 per cent., 84 chemical works 4.8 per cent., 52 railway companies 4.7 per cent., 113 quarries and mineral undertakings 4.5 per cent., 60 building and real estate companies 2.9 per cent., 360 engineering and metal foundries 2.6 per cent., 29 sugar factories 2.2 per cent., 13 coal mines 1.7 per cent., 32 shipping companies 0.8 per cent., and 57 foundries 0.6 per cent. The fact that 748 of the companies so considered, with an aggregate share capital of 5,222 million Rm., have not paid any dividend at all, should not lead to the formation of hasty conclusions. In a number of cases, where large blocks of shares are held in one hand, excessive taxation has led to smaller dividends being declared than was warranted by the results. With other companies, increasing indebtedness at relatively high rates of interest have resulted in the desire, first of all, to consolidate the financial position with the aid of profits before considering the payment of dividends. On the other hand, there may have been cases where, for reasons of the company's credit, and, in particular, in view of prospective issuing transactions, higher dividends were declared than would have been deemed advisable if judged on rigidly conservative principles. It should, however, be borne in mind that in many Gold Mark opening balance-sheets, assets were valued so low as to form some sort of dividend reserve. Such reserves were subsequently used for that purpose. Taking all factors into consideration, the payment, in spite of all economic difficulties, of nearly 500 million Rm. in dividends for the first period after stabilisation may be regarded as a most satisfactory result.

SUMMARIES of some of the answers given to a National Liberal Inquiry relating to the inheritance of wealth have just been published. Unequal distribution of wealth, it is urged, is undesirable, both on economic grounds, since it means that available wealth is not put to its best possible uses, and on social grounds, since it is among the most fruitful causes of unrest. Inheritance is regarded as probably the most important cause of inequality in distribution. But, the summary goes on to add, it is difficult to say how far inequality of opportunity is a result of the inheritance of property, and how far it is the result of the inheritance of position. Inequality of opportunity is regarded as probably a greater cause of unrest than inequality of possessions. Doubtless a modification of the conditions under which property is inherited would do something to level up opportunity as between those who inherit position and those who are not so fortunate. The right of bequest, it is stated, in view of the social reactions of the ownership of excessive wealth, ought certainly to be subject to the control of the State. With regard to the methods of dealing with inheritance, compulsory provision for widows and children who are not of age, is on the whole, considered desirable; but, it is added, it should take the form rather of a compulsory minimum provision than that of a division in a prescribed ratio. A definite limit to the amount which can be bequeathed by one individual to another is considered to be, on the whole, desirable. It is also stated that it is worth considering whether there should be, not only a specific limitation, say £20,000, but also a provision debarring any individual from receiving more than this amount by bequest, from however many sources.

THE inquiry into Industry, to which Mr. Lloyd George made some reference in his speech at Manchester a few weeks since, is to be undertaken forthwith by the Committee of the Liberal Summer Schools. Mr. Lloyd George has consented to provide the necessary staff and office assistance. No better committee could have been found for Mr. Lloyd George's purpose, and he is fortunate

in being able to secure their co-operation. It includes Mr. Ramsay Muir, Mr. W. T. Layton, Mr. E. D. Simon, Col. T. F. Tweed, Sir Maurice Bonham Carter, Sir William Beveridge, Mr. E. H. Gilpin, Mr. Philip Guedalla, Mr. H. D. Henderson, Mr. Stuart Hodgson, Mr. Harcourt Johnstone, and Mr. J. M. Keynes. Mr. W. McG. Eagar will act as organiser of the inquiry, and all correspondence should be addressed to 25, Old Queen Street, Westminster. The terms of reference are most comprehensive and are as follows:—

- (a) To consider the economic and social problems of post-war British Industry with special reference to the possibility and means of changes in the organisation of industry which would encourage better use of national resources, increased employment, and closer co-operation between capital and labour; of increasing the productivity of British industry and the earnings of labour; of avoiding industrial stoppages; and of fairer distribution of the proceeds of industry and fuller participation by the workers in its conduct.
- (b) To report as to the legislative and administrative action which can be taken to secure these ends.

Last week the Federation of Master Cotton Spinners, meeting in Manchester, decided to adopt the system of basic selling prices to which all the firms spinning American cotton shall comply. The proposed scheme is to come into operation immediately the coal strike terminates and the industry is faced with normal conditions. The decision was arrived at in consequence of a canvass of those firms which did not vote in the ballot which took place recently. The voting now works out at 92.18 in favour and 2.27 against. Just over 5 per cent. did not vote at all. It is anticipated that this new development will eradicate at once the underselling which has been so conspicuous for some time past. A joint committee of employers and operatives are working systematically to prevent this underselling. Some undercutting has been unavoidable, being brought about by the necessity of paying wages and meeting more urgent costs, but there is now a movement on foot to guarantee bank advances in order to enable the weaker concerns to tide over their momentary difficulties, which in the past have accounted for a number of follies.

THERE would appear to be unlimited possibilities in store for the textile industry if it turns out to be true, as explained in a daily contemporary, that Dr. Dinshaw Nanji, of Birmingham University, in association with Dr. F. J. Paton, of Bristol University, has solved the problem of turning tropical grasses and other fibrous products into textiles. The discovery is the outcome of close concentration on a scientific problem that had always had a powerful attraction for Dr. Nanji from his youth. The main advantages attaching to the discovery are the abundance of raw material at a very cheap rate within the British Empire; the low cost of the chemical process for separating the fibres, production expenses up to the spinning stage being only about one-fourth those of the present system; and the possibility of working the material by existing spinning and weaving machinery with very little alteration. Patent rights for the new chemical process have been secured throughout the world, and it is stated that adequate financial backing is already assured for the commercial exploitation of the discovery. Assuming that all the data are correct, everything seems to point to the possibility of Dr. Nanji's discovery eventually leading to the displacement of cotton from the primary position it has hitherto occupied in the various textile industries. Furthermore, it is thought that this vegetable fibre will have a marked economic superiority over wood pulp as the basis of artificial silk manufacture.

SPECIAL ARTICLES

SURVEY OF CURRENCY CONDITIONS IN SOVIET RUSSIA UP TO JUNE 1926.

(FROM A SPECIAL CORRESPONDENT.)

Any speculation with regard to Currency circulation in Soviet Russia is to a great extent dependent upon varying factors. On the one hand such restrictions depend on the correctness of published data concerning the total amount of currency in circulation, the foreign currency fund, the gold reserve, etc. On the other hand all the data concerning the purchasing capacity of money are official and therefore, in accordance with Soviet practices, they need not necessarily reflect the actual situation. We base our arguments on the published balance sheets of the Issue Department of the State Bank. But is everything correct in these Balance Sheets? The temptation is great and the influence of public opinion on Government policy is practically negligible. There is no Parliament in Russia, and if Parliaments sometimes hinder the stabilisation of currencies so the absence of a Parliament is fraught with great opportunities for abuse. In all cases where the real situation which is concealed in the balance sheets and other published data can be revealed, we will endeavour to do so in this survey. But how to reveal the fact, we ask, that there was issued more paper money than is stated in the balance sheet? We think it necessary to make these preliminary qualifications in order not to be held responsible for inexact and incorrect information, which is inevitable owing to the perversion of facts in the published official data.

(1) *The amount of money in circulation and its security.* In spite of the actual unification of currency in Soviet Russia, there are different organisations issuing paper money. It is being issued by the State Bank as well as the Treasury. Although both these institutions are subordinated to the same Commissariat, there still remains a difference between the Bank currency and the Treasury currency. The question may be asked what this difference amounts to? Both currencies are mutually exchangeable; both have to be taken into account when calculating the total amount in circulation. Accordingly the Soviet data always include all the different kinds of currency when the total amount in circulation is being calculated. However, when they estimate their guarantee funds (cover) they invariably consider the proportion of these funds only to the amount of issued chervonetz. The existence of two different currencies appears to us to give no formal justification to this method. Nevertheless it is adopted, although such a method is distinctly harmful, since it creates a wrong impression with regard to the actual security of currency. Besides, it must be admitted that as far as the interests of the unified currency are concerned it would be much more useful to establish a single institution regulating the issuing activities of the State. Under the conditions prevailing in Soviet Russia the State Bank frequently fulfils the obligations of the Treasury, and it certainly has great claims for concentrating in its hands the whole management of the currency circulation. We must say that the Soviet practice of drawing up balance sheets where only chervonetz are included is not convincing at present even for foreigners; yet this course was evidently adopted mainly relying on the ignorance of foreigners. The policy of the Commissariat of Finance is too naive! We have at our disposal material which was specially supplied to French government and parliamentary circles. Here the author of the article on currency circulation in Soviet Russia, speaking of the cover and the State Bank's Balance Sheet is not at all satisfied with the latter. He does make the necessary calculation, i.e. he compares the guarantee funds (cover) with the total amount of issued currency and not merely with the sum of issued Bank Notes.* What then is the total

sum of money in circulation? What are its fluctuations? How great is the cover of the total sum? The following table gives the answers to these questions* :—

Dates.	Bank Notes of the State Bank.	Treasury Notes.	Total.	Paying obligations.	Guarantee funds (Cover) gold, platinum, foreign currency.
1924-25.					
October 1 ...	346,499.2	280,672.9	627,172.1	48,728.1	239,000.0
December 1 ...	398,969.0	323,370.5	722,339.5	52,162.5	245,769.0
February 1 ...	365,091.9	345,435.4	710,527.3	56,012.0	260,783.0
April 1 ...	402,387.3	363,326.5	765,713.8	57,247.8	254,144.0
June 1 ...	417,820.0	373,697.0	791,517.0	71,466.1	243,772.0
August 1 ...	505,370.3	409,803.9	915,174.2	70,648.3	237,136.0
1925-26.					
October 1 ...	651,969.5	490,915.2	1,142,884.7	77,464.0	263,359.0
December 1 ...	738,286.0	593,398.5	1,286,684.5	93,097.8	264,971.0
February 1 ...	716,118.6	525,900.3	1,245,814.6	100,729.9	260,632.0
April 1 ...	693,366.5	510,813.6	1,204,180.1	101,556.0	228,284.0
May 1 ...	737,630.0	—	—	—	226,695.1
June 1 ...	701,259.9	—	—	—	227,000.0

This table gives full data for the period from October 15, 1924, to April 1, 1926. During this time the amount of money in circulation was nearly doubled, increasing from 627.1 million Roubles to 1,204.1 million Roubles. To what extent does this increase correspond to the needs of the general turnover? The following table will illustrate this best :—

Ratio of Increase in Per Cent. in 1924-25†

Turnover of Cargo ...	29%
" " Goods ...	38%
Output of Industry and Agriculture...	43%
Amount of Money ...	95%
Credit (Operations of discount and loans) ...	110%

From these figures we see that the issuing of money and the development of credit is much in advance of economic developments. *The currency policy in Soviet Russia until this juncture was based on the anticipation of economic facts. It is not parallel to them. It does not reflect the actual requirements but endeavours to foresee them or even to create them.* That is a peculiarity of the Soviet policy of "planning out" the national economy. It is precisely this "socialist" peculiarity of Soviet economics that leads to the greatest blunders! From our table we observe that an especially large amount of currency was issued in the autumn of 1925. On what "plan" considerations was it based and to what extent were those "plans" justified? We find the following explanation of this in Soviet literature: "This sharp increase in the quantity of currency (during the autumn of 1925) was caused by the anticipation of an early mass realisation of the new harvest. According to July estimates this year was a record year as compared with the whole of the revolutionary period. Owing to incessant autumn rains, however, the harvest was much lower than its first forecast, and the quality was also considerably inferior. Finally, the supply of corn to the market, in consequence of these and other causes, was extremely slack. Hence, the new issue of currency put into circulation proved to a considerable extent useless. The influence of this fundamental cause was strengthened by certain measures of economic policy directed towards completely expelling private capital from the commercial life. Freed from trade requirements private capital now found its way into the money market and here it brought about a rise in the foreign exchanges, and also of gold. Simultaneously the development of industry, the revision of wages made during the summer and a considerable increase of them, as well as the payment of mass advances to workers taking their holidays—all these facts led to an accumulation of certain free liquid sums of money in the towns. Such was the rather intricate nature of

* This table is compiled from the material published in *Ekonomicheskyy Sbornik*, April 1926, and in *Ekonomicheskaya Zhizn* No. 120, March 1926.

† According to materials published in *Ekonomicheskoe Obozrenie*, February 1926.

* *Supplement au Bulletin Quotidien*, No. 15 bis, pp. 9-10. Only a limited number of copies of this publication are issued.

the inflation phenomena during the autumn."* The causes of the increased issue of currency during the autumn of 1925 are almost correctly expounded in this statement. The "plan" hopes and considerations also helped in the matter. Pervushin insufficiently emphasises, however, the importance of the financing of industry. As a matter of fact industry "in the hope of rapid development" also swallowed up a great amount of the new currency. The indebtedness of industry to the Banks and the increase of the issue of paper money are directly connected with each other. This indebtedness of the State industries to the five Banks rose in the following manner:—

In millions of Chervonetz Roubles.†

1.X.24.	1.I.25.	2.IV.25.	1.VII.25.	1.X.25.
448.1	528.9	648.3	795.0	962.2.

Within one year the indebtedness of industry was doubled. The pernicious influence of the rise of indebtedness lay in the fact that it was covered mainly by the issue of new currency. Even in the first quarter of the economic year 1925–26 when the failure of the original scheme of the export of corn became evident and when the mistake of an excessive issue of currency was realised the State industries continued to receive loans thus destroying the currency circulation. During the first six months of 1925–26, the indebtedness of State industries to banks on short term credit increased by about 160–170 million roubles. At the cost of what resources did this happen? The scheme supposed that during these six months commercial current accounts would increase by 170 million chervonetz roubles. This increase, however, did not occur and on the contrary current accounts decreased by 39.5 million roubles. In these circumstances the financing of industry "proved to be possible only by using the issue of paper money, decreasing the metal and foreign currency reserves and diminishing the cash resources of the banks."‡ Expecting a good harvest they also expected large corn exports, and coupled with this there was also the hope of being able to import machinery and the extensive development of industry. But all this remained a scheme. Early in the autumn of 1925, however, they already began to realise their plans, contracts were entered into on account of future production and business was transacted. Bills were signed, credit grew, and there was a regular speculation. As admitted in a Report presented by the Gosplan in May 1926 to the Soviet Government, commercial credits were given against non-commercial documents at the cost of the issue of paper money. "Schemes" were realised instead of commodities. We should note that even in April 1926, in spite of the "firm" decision of the Commissariat of Finance to diminish the amount of currency in circulation, it was increased. How did this happen? It appears that the workers employed in State undertakings had to be granted some advances and for that purpose a new issue was necessary. To what an extent this policy affected the chervonetz we shall see later, but the situation became unbearable for the banks as well. The Commercial and Industrial Bank which gave credits mainly to the Metallurgical Industry got into a very difficult position. In the cautious report concerning the true position of the bank it is easy to see how heavily its resources suffered owing to the Soviet industrial effervescence. This report was presented in May to the Advisory Board of the Bank. It indicates the inevitability of diminishing active operations during the next six months. It emphasises the casual way of clients in fulfilling their obligations and the exhausted state of its reserves. The Advisory Board after considering the situation, could find no other solution but to ask for a subsidy of 25,000,000 roubles out of the State's Budget means.§

The State Bank also found itself in a most difficult position, and had to solve the inevitable problems of diminishing the excessively swollen amount of currency. It was compelled to cut short the credit schemes and the indebtedness of industry. Even at present a struggle is going on between the Commissariat of Finance and the Supreme Council of National Economy concerning the dimensions of these credits. For the third quarter of the current economic year the Supreme Council of National Economy demand an issue of short term credits up to 81.4 million roubles. The Bank, however, agrees to give only half this sum.* The Soviet Economist, A. Dezen, makes the following comment on this conflict between the State Bank and the Industries: † "With regard to Bank credits the perspectives of the second half year are most unfavourable. This is confirmed by the one and a half months which have elapsed since the beginning of the half year. The credit plan for the third quarter has not yet been confirmed, and the alternative scheme of the State Bank suggests the diminishing of the indebtedness of industry for the whole quarter down to 45,000,000 roubles. This is quite impossible in view of the stability of the indebtedness of industry to the State Bank, while it can increase but slightly so far as the remaining Banks are concerned. One cannot put great expectations on the fourth quarter since during that period the harvest campaign has to be financed. Consequently there are reasons to assume that the supposed plan of financing industry will not be carried out even according to the latter alternative. In the meantime industry already in the first half year has largely exhausted its own resources and a further stoppage of bank credits is fraught with many complications. While it is impossible to deny the necessity of great care both in the issue and in the credit policy, attention none the less must be given to the great dangers which may result for the national economy as a whole in case the financial situation of industry gets still worse, since even now the settlement of bills through the Notary Public is becoming a usual feature."

* *Ekonomicheskaya Zhizn*, No. 116, May 22, 1926.

† *Ekonomicheskaya Zhizn*, May 29, 1926.

(To be continued.)

THE ECONOMIC SITUATION IN SYRIA.

By Dr. J. HARIZ.

(Continued.)

From the latest information to hand it appears that the harvest in el-Buka'a is even worse than was at first anticipated. Fahleh, a Christian town of 30,000 inhabitants on the further slopes of Mount Lebanon, is the economic, industrial and financial centre of this region. The town lies midway between Damascus and Beirut, facing the great plain of el-Buka'a. It is the market for all the crops of the plain, and its granaries supply the rest of the Lebanon during the severe winter months. The provisions are either carried on the railway passing through Fahleh, or by mules and donkeys to the small hamlets on the mountain heights. A deputation from this town waited in June last on the French High Commissioner at Beirut to lay before him demands of an administrative and economic nature. In connection with the latter it was pointed out that the inhabitants of Fahleh, some of whom are landed proprietors in el-Buka'a, requested that the revenue officers should make no claims on the farmers of the district this year and that taxation should be reduced to a minimum in view of the irreparable losses they have suffered, of the state of insecurity in which they live and of the dangers to which they are continually exposed. Some of them asked that the Government should obtain the necessary wheat and other cereal seeds for sowing operations next year on the ground that the fellah or husbandman has nothing left to provide for his own needs. These demands were favourably received by the Beirut Press, while the Government promised the appointment of a special commission

* A. Pervushin in *Ekonomicheskoe Obozrenie II* for 1926, p. 33.

† *Ekonomicheskoe Obozrenie*, December 1925.

‡ *Ekonomicheskaya Zhizn*, May 23, 1926.

§ *Ekonomicheskaya Zhizn*, May 1, 1926.

whose duty it would be to investigate the losses and wrongs of every farmer; the commission would then calculate what taxes the Administration should claim and what loans it might grant.

Wheat plays a preponderating part in this country not only because of its use in the making of bread, but also because, after treatment, it serves as a foundation for the feeding of the masses. Every consignment of wheat is labelled with the name of the district of origin and is set apart for a specific purpose. The various kinds of wheat grown in northern Syria are rich in gluten, and are used generally for bread-making, the loaves, which are round, being from 2 to 3 millimetres thick as a rule and 60 centimetres in diameter, other loaves being only 15 centimetres in diameter but twice as thick. Hauran or Jebel Druz wheat belongs to this category. The wheat from other districts, however, as that of el-Buka'a, is deficient in gluten, and therefore requires to be mixed with the other to produce a dough suitable for bread-making and capable of being rolled out to the above sizes. Wheat of this type serves for the making of *burghul* or rolled wheat, which forms a large part of the food of the working and agricultural, and as a substitute for rice among the middle and well-

to-do classes. As rolled wheat is easily preserved, large quantities of it were produced last year by the rebels. The process of manufacture is as follows: the wheat is boiled with an admixture of water in large vats for several hours, the damp heat swelling and maturing the grain. The wheat is then taken out in a kind of colander-bucket which strains off the water, and it is spread out on mats on the flat roofs to be dried by the action of the sun. In large mills space is provided for the purpose. When the wheat is thought to be sufficiently dry it is put through the mill. All depends then on the speed of the revolving mill-stone: if it is up to the average, fine rolled wheat is produced, which is generally used for minced-meat dishes (*khikeh*); but if the speed is reduced, coarse rolled wheat is turned out, which is used in vegetarian dishes of lentils, potatoes and dwarf peas (*medardara*). When it is understood that this provision is made for the winter, it will easily be realised, first, that wheat is an article of prime necessity, and secondly, that the people are in great distress, faced as they are with the terrible spectre of the coming winter, without any crops to lay their hands on now, and without any food for the immediate future.

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.]

FRANCE

POLITICAL AND FINANCIAL

The New Crisis and Financial Reform.—Political events follow one another so rapidly that it becomes very difficult to give from week to week an accurate record of the situation. Now that the Briand-Caillaux Government has been overthrown the course of financial policy depends entirely upon the political combination that has come into power. The financial debates which took place in the Chamber last week represent the principal element for judging what political groups other than the supporters of the late Government are thinking about financial reform. Notwithstanding the great number of orators, practically speaking only two serious schemes were before the Chamber: first, that proposed by the Minister of Finance on the basis of the Experts' conclusions (reported in the last issue of *THE ECONOMIC REVIEW*); and secondly, the one expounded by the Socialist leader, M. Blum, which, strange to say, met with support in many parts of the Chamber, and even by some very moderate political groups.

In the opinion of M. Blum, the Experts' scheme will only produce new inflation. So far as the situation of the Treasury is concerned, he considers that the repayment of Treasury bills, even made through a special fund, will provoke new issues of bank-notes, either in connection with foreign loans or to cover fresh advances by the Bank. Therefore, according to M. Blum, if the repayment of Treasury bills and bonds requires further note issues, forced consolidation will become necessary. On the other hand, he is opposed to the stabilisation of exchanges at the present rate, because, even if realised, such stabilisation will force prices up to the level of the exchange and fresh money will be required to finance the country's turnover. What is necessary, is to bring the exchanges down to the actual level of prices and to stabilise them both at that level. The only way to do it is to make a "massive deflation" of money circulation by means of a capital levy. M. Blum quoted the example of Czechoslovakia, which proceeded in a similar way. As to foreign credits, upon which the experts and the Minister of Finance lay particular stress, M. Blum has not much faith in them; in any case, if they are conditional on the ratification of the

debt agreements without the "safeguard clause," he is strongly opposed to any measure of that kind.

Revenue Returns for June.—The statistics for June which have recently been published prove much more satisfactory than those for the preceding month. Although the proceeds of direct taxation have been less than in the corresponding month of 1925, this, according to the Finance Ministry, is a passing feature due to technical difficulties of collection caused by new taxation. The revenue (exclusive of exceptional resources) shows the following movement as compared with the preceding months (in millions of francs):—

	1926.	1925.	Increase.
January	3,929	2,676	1,253
February	2,210	1,879	371
March	2,063	1,980	83
April	2,967	2,842	125
May	2,068	1,893	175
June	2,311	1,811	500

Direct taxation in June shows a shortage of some 111 millions as compared with the preceding year, but a large increase may be observed in the proceeds of indirect taxation and monopolies (603 millions). The Press attaches great importance to the fact that the actual proceeds of indirect taxes are in excess of the Budget estimate by 145 millions, instead of a shortage of some 50 millions as in May. The proceeds of the general turnover tax show a very large increase, which, however, does not yet correspond to the rise in the rate of taxation and in the level of prices.

Situation on the Stock Exchange.—In our survey of Stock Exchange conditions in 1925 it was pointed out that at the end of last year and at the beginning of 1926 quotations were low, and, notwithstanding the depreciation of the franc, did not seem to show any tendency to rise (with the exception of securities drawn up in foreign currencies). The index number of the General Statistical Office shows the following movement:—

1926.	Basis: Average 1901-1910= 100.	
	Variable income bearing securities.	Fixed income bearing securities.
January	270	51.5
February	275	52.5
March	267	51.4
April	267	52.1
May	275	51.3
June	302	49.4

From these figures it will be seen that variable income bearing securities (shares) have exhibited a sudden rise since May, while fixed income bearing securities (bonds, obligations) naturally show a further falling off. This last phenomenon is due to the fall of the franc. It is probably the same cause that makes the quotations of shares rise. The "bullish" movement of these quotations continues this month, and the Government together with the Bourse authorities are taking various steps with a view to restraining this movement. The legal restrictions imposed on foreign exchange operations do not allow many people to buy foreign money; hence the demand for substantial securities in the form of industrial shares. It is also reported in Stock Exchange quarters that some foreign financial concerns are taking all necessary steps with a view to benefiting by the high rates of exchange and the comparatively low level of quotations for French industrial shares in order to secure control of them. The most favoured group is that of the chemical industries, which shows for two months a rise of some 25 per cent. The least favoured is that of the Banks, which show only a 6 per cent. rise; and it must be noted that, but for the Bank of France being included in this group, the index number would show a still smaller increase.

TRADE

Foreign Trade Returns for the Half-year.—The excess of exports over imports shown by the May returns proved a temporary phenomenon. Statistics recently published of France's foreign trade in June again show a considerable adverse balance.

Imports. Exports. Balance.
(In millions of francs.)

	Imports.	Exports.	Balance.
March	5,095	4,960	— 135
April	5,020	4,353	— 667
May	4,390	4,460	+ 70
June	5,181	4,672	— 509

The figures of the volume of trade would seem to show that this change is due to the large increase in raw material and semi-manufactured goods, as may be seen from the following figures (in thousands of tons):—

	Imports.		
	June.	May.	Difference.
Foodstuffs	386	365	+ 21
Raw materials and semi-manufactured goods	3,409	3,128	+ 281
Manufactured goods	99	114	— 15
	3,894	3,607	+ 287
Exports.			
	June.	May.	Difference.
Foodstuffs	166	104	+ 62
Raw materials and semi-manufactured goods	2,142	2,175	— 33
Manufactured goods	436	346	+ 90
	2,744	2,625	+ 119

It was pointed out in a preceding issue (June 25) that the sharp fall in imports (especially in the case of raw materials) shown by the May figures might possibly be due to the fact that business people refrained from buying foreign goods, expecting the rise in the exchanges to be only of a temporary character. The event did not justify these hopes, as the exchanges are now at much higher rates than they ever were before. This seems partly to explain the renewed buying for import. But it must be observed that the increase in imports during June as compared with May is no more than a half of the decrease recorded in May as compared with April. There is also an increase in exports, due probably in large measure to the state of the exchanges, but in part also to seasonal influences.

The calculations made in preceding issues for a comparison of the figures of value and volume show, if applied to the first half of this year (compared with the corresponding period of 1925), the following results:

	Imports.		
	Increase in value.	Increase in volume.	Pure value increase.
Foodstuffs	+ 38%	+ 12%	+ 26%
Raw materials and semi-manufactured goods	+ 61%	+ 1%	+ 60%
Manufactured goods	+ 48%	+ 14%	+ 34%

	Exports.		Pure value increase
	Increase in value.	Increase in volume.	
Foodstuffs	+ 30%	+ 16%	+ 14%
Raw materials and semi-manufactured goods	+ 28%	+ 4%	+ 24%
Manufactured goods	+ 21%	+ 13%	+ 8%

These figures show that French imports rise in value (in terms of francs) very quickly, whereas exports exhibit a very slow tendency. The figures for the preceding months show a much smaller difference between the movement of imports and exports. The more the franc falls, the more this difference is intensified. As the value of imports follows roughly the rate of exchange, it means that French goods are becoming continually cheaper in the world market. It must nevertheless be remembered that the export figures may be influenced by fraudulent declarations as to value because of a recent law regarding the return to France of the proceeds of the exports.

Export of Coal.—The *Nord Industriel* gives the following figures of the export of French coal to various countries (in thousands of tons):—

	Jan. to April	
	1925.	1926.
Belgium	1,503	532
Switzerland	1,302	499
Spain	8	2
Italy	765	304
Germany	1,461	357
Other countries	119	57
Steamships' bunker coal... ..	186	20
	5,344	1,771

or 5,313 a year, reckoning at the same rate.

As far as one is able to judge according to the available figures for 1926 the coal exports remained almost at the same level. But the coal strike in Great Britain, which began in May, has probably increased French exports. Proposals are even made for the restriction of coal exports in order to secure the necessary coal for the home industry. In connection with this proposal the *Nord Industriel* points out that many of the most important coal buyers (Switzerland, Germany and Italy) did not increase their imports, which represent almost entirely coal produced in the Sarre territory (some 3½ million tons out of a total of 5 millions exported).

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GERMANY

POLITICAL AND GENERAL

The Economic Position in the First Half of 1926.—

The *Deutsche Allgemeine Zeitung* (July 9) reproduces extracts from a review published by the Reichscreditgesellschaft concerning Germany's economic development during the first six months of 1926, according to which production has once more fallen below the pre-war level. If Germany is to find compensation for the loss of foreign resources valued at one milliard marks and for the reparation payments, at present amounting to Rmk.1.2 milliard, to be increased in the next few years to Rmk.2.5 milliard, and still maintain her ability to compete in world markets she will have to bring her level of output far above pre-war standard. Pre-war output is no longer compatible with pre-war prosperity or pre-war capacity. The difficulties that overshadow Germany's immediate economic future are the necessity of increasing output in excess of pre-war limits with a market which is not capable of absorbing even pre-war production, and a shortage of capital.

The decrease in production which began in the second half of 1925 continued in the following months of the new half-year. The home demand for coal per head developed as follows :—

1926.	Kilogrammes.	Percentage of 1913.
January ...	181.66	92.4
February ...	155.37	79.0
March ...	168.11	85.5
April ...	150.13	76.3
May ...	148.42	75.5

The industrial consumption of electricity showed the following percentages of the 1925 monthly average : January, 91.51; February, 90.50; March, 85.23; April, 87.75.

The output of pig-iron and crude steel gives the following table :—

	Pig iron per head.		Crude steel per head.	
	Kilo-grammes.	Percentage of 1913.	Kilo-grammes.	Percentage of 1913.
Monthly average 1913 for present Reich area, excluding the Saar ...	15.17	100.0	16.35	100.0
Monthly average 1925 ...	13.57	89.5	16.29	99.6
January 1926 ...	10.98	72.4	12.62	77.2
February 1926 ...	10.07	66.4	13.01	79.6
March 1926 ...	11.44	75.4	15.15	92.7
Average for first quarter ...	10.83	71.4	13.59	83.1
April 1926 ...	10.66	70.3	13.83	84.6
May 1926 ...	11.74	77.4	14.37	87.9

At the end of 1925 the upward movement of wages came to a standstill, and since April a slight drop in the schedule of wages has been registered. This drop, strangely enough, also affects the wages of building and timber hands, for whom the summer is relatively the busiest season. In considering the labour market it must not be overlooked that the endeavours towards increased efficiency and output have not remained without result. The decrease in production is smaller than the increase in working capacity.

The development of working capacity in the Ruhr coal mining industry (in percentage of the 1913 monthly average) is as follows :—

	Shift output.		
	Per head of coal and stone hewers.	Per head of whole shift.	Total for all hands.
Monthly average 1925 ...	113.8	100.3	100.1
January 1926 ...	123.0	111.6	90.7
February 1926 ...	124.6	113.3	89.5
March 1926 ...	125.9	114.0	88.1
April 1926 ...	126.7	114.0	85.5
First quarter (average) ...	124.5	112.9	89.5

The development of working capacity in the iron foundry industry was as follows (in percentage of daily average of January 1925) :—

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		Pig iron.		Crude steel.	
		Daily output.	Development of daily output of individual worker.	Daily output.	Development of daily output of individual worker.
January 1925	100.0	100.0	100.0	100.0	100.0
January 1926	75.8	90.2	69.7	96.9	96.9
February 1926	76.8	96.6	74.9	102.3	102.3
March 1926	78.8	99.9	77.4	105.6	105.6
April 1926	75.9	97.0	79.5	110.1	110.1
May 1926	80.9	99.7	82.5	114.4	114.4

The sale of fertilisers still remains higher than the pre-war standard (in the present Reich area) :—

Fertilising year, May to April.	Nitrates.	Phosphoric acid.	Potash.
	1,000 tons N.	1,000 tons P ₂ O ₅ .	1,000 tons K ₂ O.
1913-14 ...	185	555	490
1921-22 ...	300	312	775
1922-23 ...	288	295	695
1923-24 ...	255	167	538
1924-25 ...	340	371	663
1925-26 ...	330	380	620

In 1925 the output of pig iron and crude steel dropped and the export surplus of rolling mill iron rose. The home demand must therefore have decreased as compared with the past year. In May, on the contrary, with an increased production the export surplus was slightly reduced.

In the first quarter of 1926 more dwelling-houses and far fewer commercial and office buildings were completed than in the corresponding period of the previous year. Contracts have fallen off in each group, 10 to 15 per cent. in respect of dwelling-houses and about 50 per cent. in the case of offices and commercial buildings. As a considerable proportion of the contracts are never carried out, a falling off in the applications for building permits is not identical with a falling off in building activity, though the extent of the decrease in building permits this year points to a slackening of the building industry. The Reichsbahn reports that the transport of building materials is relatively small for the season.

The consumption of foodstuffs appears to have experienced a slight increase. The consumption of meat reckoned per head of the population amounted in the first quarter of 1926 to 95.6 per cent. of the consumption in the same period of 1913, while in the first quarter of 1925 it was only 93.7 per cent. of the pre-war figure.

In analysing German imports it must be remembered that the decrease in the total value of imports depends largely on the variation in prices which has taken place in the case of certain raw materials. During the main importing months, November to April, the prices this year were 15 per cent. less for cotton and 30 per cent. less for wool than in the corresponding period of the previous year. At the present moment the import price of cotton is 20 per cent. and that of wool 25 per cent. below the corresponding price for last year. The world market price for grain was 8 per cent. lower in the period November to April 1925-26 than in the corresponding period of the previous year. The following table shows the import surplus in the various groups of goods (in millions of marks) :—

	November 1924 to April 1925.	November 1925 to April 1926.	Decrease.
Cotton and wool and cotton and woollen yarns ...	1,117	636	481
Other textiles and yarns	253	113	140
Bread and fodder grain, flour and milled products ...	567	155	412
Rubber ...	1,937	904	1,033
	68	40	28
Total ...	2,005	944	1,061

FINANCE

Serious Position of the Reich Finances.—The Reich Minister of Finance has given the Budget Committee of

the Reichstag a somewhat detailed review of the Reich revenue and expenditure in April and May. In the Ordinary Budget the revenue from taxation and administration amounted in April to Rmk.590.6 mill., while expenditure was Rmk.575.5 mill. In May taxation and administration revenue produced Rmk.482.1 mill., while expenditure amounted to Rmk.490.1 mill. In April, therefore, there was a surplus of Rmk.15.1 mill., while in May, when the reduced taxes began to take effect, there was a deficit of Rmk.8 mill. The Budget for 1926-27 shows under the heading of revenue the surplus standing over from previous years to the extent of Rmk.367.8 mill. As the Minister adds one-twelfth of this sum (Rmk.30.6 mill.) to the revenue of each month, he reckons for April a surplus of Rmk.45.7 mill. and for May one of Rmk.22.6 mill., or a total of Rmk.68.3 mill.

The principle of dividing the surplus revenue up into twelve is, however, open to criticism, as there is greater danger of a deficit in those months in which large revenues are expected than in those in which only small returns are counted upon. For instance, in the months of April and May, when no very large revenue returns were expected, a smaller proportion than one-twelfth should have been apportioned from the surplus, leaving a larger proportion available for the months with larger expectations and consequently greater risks of deficit.

The Minister stated that the revenue for April was Rmk.8.6 mill. below the estimate, but the returns for May were Rmk.19.3 mill. in excess of it. According to this, revenue to the extent of Rmk.1,062 mill. was expected in the two months of April and May.

On the other hand, the average two-monthly estimate according to the Budget was as follows (in millions of Reichsmarks):—

Total revenue	...	...	...	...	7,534.0
Less revenue from loans	...	...	...	293.8	
Less revenue from minting	...	...	...	134.3	
Less surplus carried forward	...	...	...	367.8	
					795.9
Estimated revenue for 12 months	...	...	...	6,738.1	
Estimated revenue for 2 months	...	...	...	1,123.0	

As compared with a theoretical Rmk.1,123 mill. of revenue the actual revenue only amounted to Rmk.1,062 mill. The revenue valuation for May of Rmk.470 mill. was particularly low as compared with a theoretical average of Rmk.562 mill. per month. It would be well, therefore, to accept the surplus announced by the Minister as Rmk.68.3 mill. with reserve.

The Extraordinary Budget for April and May shows expenditure amounting to Rmk.96.6 mill., of which Rmk.96.3 mill. is to be covered by loans. According to the original Budget estimates Rmk.293.8 mill. represents the loan total for the whole year, and if the system of dividing up into twelve is followed this leaves a very small proportion over for the remaining months. The general principle of covering the extraordinary expenditure by loans is, moreover, open to criticism. The Minister has stated on previous occasions that only really productive expenditure which will benefit future generations should be met by means of loans. The definition is extremely vague and we find such items as war debts and reparations, estimated at Rmk.174 mill., building, services to the State, widows (Rmk.15 mill.), inland waterways, motor transport companies, and construction of small railways (Rmk.67.3 mill.), the navy (Rmk.28.5 mill.), and many smaller amounts, all met by means of loans. Such methods might perhaps be resorted to in case of need by a firm Government with some prospect of a long term of office, but are in no way justifiable on the part of a weak Government with very doubtful duration and a Parliament always cheerfully prepared to vote expenditure and the more ready to meet it by loans as it grows less inclined to save and more inclined to spend.

According to the report of the Agent General, internal loans have assumed the following proportions between January 1 and May 31 (in millions of Reichsmarks):—

The Reich	...	...	...	...	70.0
The States	...	...	...	...	192.7
Provinces and municipalities	...	...	...	...	162.5
Public and semi-public undertakings (not railways)	...	...	...	...	93.5

Total... .. 518.7

while private companies have taken up loans to the extent of Rmk.149.6 mill. Foreign loans have increased in 1925 and 1926 up to May 31 as follows (in millions of Reichsmarks):—

The States	...	...	...	...	187.4
Communes	...	...	...	...	375.9
Public and semi-public undertakings	...	...	...	...	457.0
Church organisations	...	...	...	...	34.2

Total... .. 1,054.5

Private undertakings have taken up foreign loans to the extent of Rmk.751 mill.

In regard to the reserves at the disposal of the Reich no reliable information is forthcoming. According to a statement of May 7 they amount to Rmk.772 mill., but this statement is completely worthless, as it is not known to what extent these funds are liquid, even where they still exist. The Minister has definitely stated that any increased demands will throw the Budget out, and the request for the issue of Rmk.400 mill. of Treasury bills indicates that the working funds which were said to be forthcoming are no longer available.

The Minister declares that the Reich Budget will balance this year only under two conditions: first, that the economic position receives no further setbacks in the course of the Budget year, and, secondly, that the Reichstag does not force the Reich Government into further expenditure. Even under these conditions it seems doubtful whether the Budget will balance. As regards the economic position the most immediate and heaviest anxiety is the successful financing of the harvest and the prevention of a collapse of prices on the grain market consequent upon forced sales on the part of agriculture. The effects of a financial policy which endangers the reserves of the Reich are being daily more acutely felt. A reduction of taxation of Rmk.460 mill. is counterbalanced by a loan of Rmk.300 mill. and the issue of Treasury bills to an amount not yet fixed, instead of keeping the means together and placing them at weak economic points, above all agriculture, so as to obtain a real result for the promotion of economic prosperity, which can never be achieved along the lines at present pursued. (*Deutsche Allgemeine Zeitung*, July 5.)

Further Reduction in the Discount Rate.—For the fourth time in six months the discount rate of the Reichsbank has experienced a reduction, this time from 6½ to 6 per cent. In the absence of Dr. Schacht, Vice-president Kauffmann made the announcement to the Central Committee on July 7, giving as a reason for the reduction the fact that the previous one of June 7 had scarcely had any effect on the claims made on the Reichsbank. The rate for loans will experience a similar reduction from 7½ to 7 per cent., and the Gold Discount Bank has simultaneously reduced its rate to 5 per cent. The total capital of the Reichsbank at the end of June was some Rmk.101 mill. greater than at the end of May, but Rmk.56 mill. of that sum represented "Lombard" loans, which are only taken up for a few days, so that reimbursement has already begun. Only Rmk.44 mill. of the total represents long term bills. The tightening of the open money market at the end of June had scarcely any effect on the status of the Reichsbank. Although the economic and financial position calls for extreme caution in taking action, the Reichsbank, after careful examination of all the circumstances of the case, found itself justified in effecting a further reduction, which would react automatically with favourable effect on the general economic position and particularly on the labour market.

If the Reichsbank is prepared to undertake another reduction in the discount rate it may be concluded that

no particular difficulties are likely to arise in the money market in the near future. It is true that there was a tightening of the open money market at the end of the quarter far in excess of expectations; this was largely due to the fact that the Reich Treasury funds which had hitherto continuously fed the open market had recently flowed back into other channels. Since then the position in Berlin has been somewhat eased by the return of considerable sums from the provinces. The banks will be making financial claims of many descriptions in the near future and transactions of the importance of the Steel Trust loan will naturally make themselves felt in the financial situation. Day to day money with a minimum rate of 5 per cent. is still dear as compared with last month. On the other hand the rate for monthly money, which without encountering any great demand averages 5 to 5½ per cent., and that of bank-endorsed bills which is quoted at about 5¼ per cent., show that from the technical point of view there is every justification for a discount reduction to 6 per cent., while the private discount rate of 5½ per cent. to 5¾ per cent. is doubtless in harmony with a Reichsbank rate of 6 per cent. It was nevertheless easily comprehensible that the Reichsbank preferred to await the development at the end of the quarter before deciding upon a further ½ per cent. decrease. The tightening up of the financial situation at the end of June, however, did not bring with it claims of such extraordinary dimensions as to occasion any anxiety in bringing the decrease into effect. From the point of view of general economics the new rate is welcome, as the difference between it and the corresponding rates of the great Anglo-Saxon money centres and the continental money-lending States is still great enough to make the German market profitable and attractive to foreign capitalists. Whether the Reichsbank will be in a position with a 6 per cent. rate to fill more adequately its bill portfolio, the supply of which with new material has left much to be desired of late, is a question which it is impossible to answer unreservedly in the affirmative. (*Deutsche Allgemeine Zeitung*, July 7; *Hamburger Fremdenblatt*, July 6.)

INDUSTRY

Position of the Heavy Industry.—According to a report from Essen the large demand on the Ruhr coal market resulted last week in the complete absence of holiday shifts throughout the Ruhr district. In some cases extra shifts were instituted, and at a number of pits, such as those of the Thyssen group, the Klöckner Works and the Harpen Company, fresh hands were engaged. The sale of Ruhr coal in the disputed territory, chiefly for foreign consumption, amounted to 3¼ mill. tons in June, representing an increase of nearly 25 per cent. as compared with the previous month. The per cent. as compared with the previous month. The daily consignments in the disputed area rose from 107,000 tons in May to 141,000 tons in June. Last week the stocks of coke experienced a decrease for the first time of nearly 25,000 tons, while the previous weeks showed a steady increase. Stocks in the Ruhr have experienced a total decrease during May and June of a million tons, but they still exceed 8 million tons.

The activities of the Coal Syndicate in the direction of prompt deliveries of orders from abroad and from the disputed area have been hindered by congestion at Duisburg-Ruhrort, the loading apparatus of the Rhine-Ruhr ports not being adequate to the heavy demands of the last few weeks. The daily despatch of fuel to the disputed area, which had risen to 175,000 tons, has therefore shown a considerable decrease, although endeavours have been made to keep pace with the demand by means of consignments by rail to Hamburg and by canal to Emden. The loading activity at Duisburg-Ruhrort has recently been again increased to 80,000 to 90,000 tons daily. The large demand for good quality anthracite, of which the Coal Syndicate is sold out, is not of great importance to the general sales, as the participation of this variety of coal in the total output is very small.

While the execution of prompt orders has been somewhat hindered by inadequate transport long term delivery contracts have been secured with difficulty, and only in cases where Ruhr coal was in competition with foreign coal. A further obstacle to the securing of long term contracts is the clause contained in English long term contracts according to which, in case of a strike, the remaining quantities must subsequently be taken over, which is equivalent to an extension of contract.

There are faint signs of a slight revival in the iron market. The home demand for bar and Universal iron is increasing, especially on the part of factories supplying the mines. On the other hand no impulse towards improved conditions has come from the building market. Business in building iron, girders and cast iron remains depressed. The improvement in the iron market is partly due to increased export contracts, but export prices are in general very poor and sales are only effected at a loss. Recent sales of semi-manufactured goods to England achieved somewhat better prices, but if in consequence of the depression of the home market the works are forced to depend on export to keep them employed, the results of their activities will be greatly prejudiced by the low export prices. (*Hamburger Fremdenblatt*, July 5.)

ITALY

POLITICAL AND GENERAL

The Economic Situation.—General uneasiness was the marked feature of the economic situation in Italy during the spring months this year, states the *Bollettino di Notizie Economiche* (Vol. XI., No. 5), and this was accentuated during the latter part of May by the fluctuations of the exchange. There are, however, reasons to be confident that the financial policy of the Government will gradually have a steadying effect upon the exchange and eventually stabilise the lira. The sound position of the national finances confirms this hope.

Industry in general was fairly active during the months under survey, but the silk market was undoubtedly affected by the exchange fluctuations and by the adverse weather conditions. In the wool industry the spinning and combing branches were kept busy, though the number of orders was in some cases below normal. The results of the weaving branch in spring were fairly satisfactory. In the cotton industry the development was normal. The artificial silk industry suffered from a contraction in the home and foreign markets and an excess of production. Both the metallurgical and the chemical industries were well sustained. A slight improvement was to be observed in the building branches, but the situation in the glass and pottery industries was not satisfactory. Agriculture generally was adversely affected by the heavy storms; the damage done will probably make a serious difference to the harvest this year. The situation in the labour market showed a tendency to improve; the unemployment figure dropped from 109,471 at the end of March to 98,216 at the end of April, an improvement, that is, of 10.3 per cent. During the month of April the number of unemployed in the agricultural and fishery branches was diminished by 4,837 and in the mineral and hydraulic branches by 5,498. The note circulation moved from L.20,297.4 mill. at the end of February to L.20,395.4 mill. at the end of March and then fell to L.19,998.7 mill. at the end of April.

According to the Report of the Banca Italo-Britannica the altered conditions following upon the labour and strike troubles in Great Britain were probably reflected less in Italy than in other countries during the month of May. An important feature in this month was the re-appearance of exchange fluctuations, which though not wholly unexpected were considered to be the result of attacks on the part of foreign speculators. The Government took action in the matter, including the limiting of local business in exchange to Rome and

Milan and the imposing of certain restrictions upon the foreign operations. Despite these fluctuations the quotations of the various industrial securities and Government stocks remained steady. The foreign demand for Italian goods fell off to some extent during May. The coal importers anticipated the trouble in Great Britain and consequently the home markets were well stocked with coal, mainly from Great Britain and the United States.

The Position of Sicily in the National Economy.—

The question of the importance of Sicily in respect of national economy and the necessity for speeding up the development of this province with a view to rendering it still more valuable as a national economic asset has aroused of late some lively interest in general economic circles. In a recent statement, quoted by Signor Giulio Morandi in his contribution to *Echi e Commenti* (July 5) on this subject, the managing director of the Banco di Sicilia pointed out that Sicily imported goods last year to the value of L.862 mill., while exports from this province totalled L.1,299 mill., thus showing a favourable trade balance of L.437 mill. If the total commercial exchanges of the whole of Italy with foreign countries were in the same proportion as the Sicilian returns there would result a favourable balance of over 4 milliards. The favourable trade balance of Sicily in the year 1924 was about L.300 mill., so that considerable advance was made during the past year. This progress is the more remarkable when it is remembered that the year 1925 was one of general depression and that Sicily did not escape the ill effects of this hindrance. The good results were achieved in face of the prevailing difficulties which caused a diminution in the production and exportation of sulphur. The exportation of dried fruits and of spices has now become a most important branch of Sicily's overseas trade.

Speaking at the Sicilian Fair on June 21 last, Signor E. Belluzzo, Minister of National Economy, referred to the national significance of Sicily's mineral and agricultural production and urged the necessity of intensified activity in these directions. There were, he thought, splendid opportunities for the development of the cultivation of oranges, lemons, citrons, limes, etc., especially as the quality of these fruit was invariably superior to that of similar fruits grown in other countries. Allied industries, such as the manufacture of citric acid and other chemicals, had been developing very satisfactorily and with the necessary encouragement should become an important factor in national economy. The production of sulphur had admittedly declined, but the steps that were now being taken gave reasons for expecting an improvement in the future. The introduction of electric energy should lead to beneficial results. The exploitation of rock asphalt and the bituminous strata at Ragusa was now receiving very serious attention; he estimated that Sicily would be able to satisfy the whole of the liquid fuel requirements of Italy. The great need of Sicily at the moment was more roads and railways and also public security. The execution of the public works programme in respect to the construction of main arteries of communication and local and secondary lines would prove a great stimulus to agriculture and to all the branches of Sicilian industry. The prospects of the island were in all ways encouraging.

FINANCE

The Financial Situation.—On the occasion of the first anniversary of his appointment to the Ministry of Finance, Count Volpi addressed a letter to Signor Mussolini on the present financial situation. This letter, which was published in the Italian Press on July 12 and 13, states that although the exact results of the financial year 1925-26 are not yet available, the final accounts will certainly show a surplus of over L.1,200 mill., despite the settlement of the war debts and of certain unforeseen expenditure. The

regulation of the war debts with the United States and Great Britain is an important factor in the financial progress of the country. The removal of the permanent menace of 130 mill. of unconsolidated debt is an inestimable advantage; the terms agreed upon are better than those conceded to other allied debtor countries. The internal loan of something like L.90,000 mill. is, in Count Volpi's opinion, a small matter, particularly in view of the value of the State railways and various State securities. Count Volpi then deals at length with the measures taken to restrict the right of issuing notes to the Banca d'Italia and considers that the steps that have been taken will prove most satisfactory and will lead to further useful legislation, which he hopes soon to submit to the Government. The position of the Treasury is very favourable; the situation of ordinary Treasury bonds is much the same as that of last year. He attaches great importance to the course of the commercial balance and to the exchange problem, and declares that the latter cannot be immediately settled by Government action. Compared with the movements of the French Franc the Italian lira should command the respect and consideration of the economic world. With discipline and method good currency results will gradually be achieved.

This letter may be regarded as a confirmation of the optimistic declarations made by Count Volpi in the Senate on June 14 last respecting the general financial situation of the country, and reported in the *Corriere della Sera* of the same date. The appreciable surplus for the financial year 1925-26 is being secured in face of the increased needs of the national services, which up to the end of May necessitated an expenditure of over L.2,000 mill. more than the Budget figure.

The report of the Budget Commission draws attention to the steady increase in national expenditure. It admits that certain branches of the Administration are inadequately financed and that the salaries of many of the State employees are not sufficient to assure a decent standard of living. The money that must be found to remedy this evil will have to be covered by realising economies in other directions. Compared with the financial year 1912-13 expenditure to the staff account of the civil services has risen from L.434 mill. to L.2,688 mill. for the financial year 1926-27; the total cost of the civil services other than staff expenditure, from L.1,259 mill. to 8,950 mill.; that of the national defence services by about five times; that of education from L.149.9 mill. to L.1,335 mill. Allowing for the depreciation of the lira, the total expenditure for the current financial year is greatly in excess of that of 1912-13, while the increase in the tributary burden of the country is even greater than the increase in national expenditure. Italy is thus paying more than before the war in taxation, but is still unable to pay adequate amounts to many of its public services. The situation calls for a very strict control over expenditure; but the policy of retrenchment must not be such as to stunt the present economic expansion of the country.

Exchange Regulations.—In accordance with the Royal Decree, exchange operations may now be resumed on the Italian Bourses, but subject to certain restrictions. Italian banks having a capital of at least L.100 mill. at the time the Decree was signed may engage in foreign valuta operations only if this business is dictated by the genuine requirements of industry and commerce or of *bona fide* travellers proceeding abroad. Documentary proof of such requirements must in every case be submitted to the bank conducting the operation, which in its turn submits the information to the Treasury. Special arrangements are also made for the satisfaction of the needs of the Vatican and of the foreign diplomatic and consular representatives. The granting of credit abroad is strictly prohibited; a similar regulation also applies to the discounting of all bills in lire from abroad or from Italian firms in favour of foreign business houses. Foreign letters of credit must not be paid unless covered by a corresponding outstanding amount. The sanction

of the Banca d'Italia must be obtained for the discounting of Italian bills of exchange in lire on foreign firms and all documents must be submitted to the aforesaid bank. The exportation from Italy of lire, whether in specie, bills, cheques or securities, without a Treasury licence is prohibited. The penalties for the violation of these regulations are graduated up to the equivalent of the amount of lire to be exported. (*Corriere della Sera*, June 11 and 13.)

The Rumanian Loan.—The Rumanian war debt to Italy, amounting to a total of L.157 mill., has been settled on the basis of fifty annuities. The agreement aims at the intensification of the commercial exchanges between the two countries and may also be regarded as another important step in the consolidation of the relations of Italy with the Balkan States. The Italian Government has authorised the granting of a loan of L.200 mill. to the Rumanian Government by the Azienda Generale Petroli for ten years at 7 per cent. interest. A large portion of this loan will, it is believed, revert to Italy in the form of orders to the Rumanian account for shipbuilding in Italian yards. The Rumanian Government will utilise the remaining portion of the loan towards effecting the stabilisation of the Rumanian currency. The granting of this loan by the Italian Government petrol trust will doubtless tend to consolidate Italian interests in Rumanian industry, notably in the petroleum industry. (*Corriere della Sera*, June 16.)

TRADE

Import of Raw Materials.—The problem of raw materials is one which must always loom large on Italy's industrial horizon. Imported raw materials weigh down the scale in her adverse balance of trade, and to right the balance of payments she must ever seek to increase her invisible exports.

A falling off of imports—unless, indeed, internal sources of supply can be stimulated—would imply in her case not an increase but a decline in national industrial activity. This becomes evident when import and export figures are classified and examined, for it is then seen that if during the pre-war period 1909 to 1913 Italy imported more manufactured goods than she exported her exports of such goods now largely exceed her imports. Here are the figures (in millions of lire):—

Excess of imports (—) or of exports (+).

	1909 to 1913 (average).	1923.	1924.	1925.
Raw materials	— 958.8	— 5,723.7	— 6,714.8	— 8,955.2
Semi-manufactured	— 54.4	+ 383.9	+ 112.6	— 621.9
Manufactured goods	— 149.3	+ 1,621.5	+ 2,320.5	+ 3,232.2
Foods and animals	— 44.5	— 2,385.2	— 788.5	— 1,571.8

These figures show that exports of manufactured goods have increased in a measure far in excess of the depreciation of the currency and that the great bulk of excess imports now consists of raw materials.

Much interest attaches to the changes which the war has brought about in trade currents. An examination of the figures shows that the change has made Italy essentially dependent for her supplies on the United States. Her total average annual imports for the three last pre-war years 1911 to 1913 amounted to L.3,546,346,910. The average for the three-year period 1923 to 1925 amounted to L.20,917,280,667. Taking currency depreciation into consideration this figure shows a substantial but not an undue increase over the average imports for pre-war years, especially when we bear in mind that since 1911 the population has grown from 35.8 to 40.5 million.

Let us now glance at the pre- and post-war distribution of these imports between Italy's leading supply markets (in millions of lire):—

Country of origin.	1911 to 1913.	Percentage.	1923 to 1925.	Percentage.
Germany ...	596.3	16.8	1,689.6	8.0
Great Britain ...	559.5	15.8	2,029.5	9.7
United States ...	484.4	13.7	5,147.4	24.6
France ...	300.0	8.5	1,716.9	8.0
Austria-Hungary	281.3	7.9	—	6.7
Austria ...	—	—	—	—
Czechoslovakia	—	—	1,402.1	—
Jugo-Slavia	—	—	—	—
Argentina ...	141.2	4.0	1,176.4	5.7
Switzerland ...	83.0	2.3	437.2	2.1
Other countries ...	1,300.2	31.0	7,315.8	35.2

As the above figures show, the order of importance of the several supply markets has changed considerably.

In the case of wheat, which may be considered as an essential raw material, the practical disappearance of Russia and Rumania as sources of supply has largely increased imports from the United States and other transoceanic countries, as is shown by the following table:—

Country of origin.	1911 to 1913.	1923 to 1925.
Hard wheat—		
Russia ...	538,500	13,500
United States ...	4,900	305,700
Canada ...	—	156,300
Other countries ...	92,300	35,300
Total ...	635,700	500,700
Soft wheat—		
Russia and Rumania ...	694,600	25,800
United States ...	30,600	1,063,200
Australia ...	74,900	312,100
Argentina ...	144,200	274,000
Canada ...	—	175,500
Other countries ...	83,700	35,300
Total ...	1,028,000	1,886,400

The notable progress made since the war in utilising Italy's hydraulic resources for generating electric power, the electrification of some important railway lines, and the growing use of fuel oils by the merchant marine and navy would suggest an actual decline in coal imports, but the figures show that this has not been the case. The average annual imports for the 1911 to 1913 period were 10.1 million tons, those for the period 1923 to 1925 rose to 10.2 million tons. The first place is still held by Great Britain, but the average annual quantity purchased from that country has fallen from 8.9 to 6.3 million tons, while imports from Germany, largely on account of reparations, have risen from a pre-war average of 760,516 to an average of 2,826,266 tons. Imports from France have nearly tripled, those from the United States have increased almost fourfold, and imports from other countries, which amounted to an average of 113,136 tons.

In the case of mineral oils we note on the one hand a great decline in imports from Russia and Rumania,

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on the other a great increase in those from the United States. But Russian imports are now slowly gaining ground and Italy is increasing the number of countries from which she procures supplies. Persia, the Dutch East Indies, the West Indies and Mexico, which did not figure in the list of countries specified in pre-war trade statistics, now supply increasingly large quantities, and the growing importance of the imports from "other countries" shows the tendency, now existing in the case of many imports, to purchase small quantities in a variety of markets.

Imports of scrap iron and steel have increased almost threefold, the quantity rising from 3.2 million quintals in 1913 to 9 million in 1925. This is due to the growth of the metal industries, which had a larger output in 1925 than in any previous year. The sources of supply have undergone considerable changes since the war. France now heads the list with an annual average of 3.6 million quintals as compared with a pre-war average of 0.6 million, but the bulk of the imports are secured by comparatively small amounts obtained from no fewer than 42 countries. Before the war the markets mentioned as supplying this commodity did not exceed 14. (*Report of The Association of Italian Corporations, July 1926.*)

INDUSTRY

Progress of Metal Manufactures.—The past year was for the most part one of favourable progress in the Italian metallurgical industries. In most instances the manufacture of metal wares exceeded the production of the preceding year and in some cases was also greater than the pre-war production. The following figures show the movements of production from 1921 to 1925 as compared with the year 1913 (in tons):—

	1913.	1921.	1922.	1923.	1924.	1925.*
Cast iron	426,754	61,381	157,599	236,253	303,972	490,000
Steel wares	993,500	700,433	982,519	1,219,457	1,358,853	1,685,390
Copper wares	2,091	92	—	184	10	500
Lead „	21,674	12,494	10,709	17,131	22,062	23,300
Zinc „	—	527	3,082	3,681	5,959	6,380
Antimony „	76	28	209	290	385	345
Aluminium wares	874	744	810	1,473	2,058	1,830
“White” zinc wares (in kilogrammes)	—	—	—	1,009	1,764	1,900
Silver wares ... („ „) ...	13,094	6,878	6,368	9,942	15,458	3,360
Gold „ ... („ „) ...	—	2	9	38	47	70

* Where the exact figures for 1925 are not available the quantities given are estimated on the data to hand and may be regarded as approximately correct.

The aggregate quantity and value of imports and exports of the principal manufactured products of the metallurgical industry during the past three years have been as tabulated below:—

Imports.	1923.	1924.	1925.
Quantity in quintals	2,761,791	4,565,003	8,954,293
Value in lire ...	685,521,176	981,965,828	1,619,260,955
Exports.			
Quantity in quintals	182,077	159,560	170,437
Value in lire ...	95,371,970	82,188,824	123,955,621

These figures, which are reproduced from the *Bollettino di Notizie Economiche*, No. 5, show that, whereas considerable progress has been achieved in the production of the various kinds of metal goods, the increased output has been entirely absorbed by the home market, since exports show a slight decline as against an enormous increase in the importation of these goods.

Electric Power for Sicily's Sulphur Mines.—Sulphur is one of the few minerals that Italy possesses and exports in large quantities, but since her practical monopoly in this ore ceased in 1905, when the Union Sulphur Company of America began working the deposits of Louisiana and Texas, the conditions under which this branch of the Italian mining industry have laboured have been very difficult and at one time disastrous. Since 1923, when an agreement as to output and sales was signed with the American company, there has been an improvement, but the export figures for 1925 again showed a decline (190,243 tons as

against 267,274 in 1924), while production fell from 317,199 to 285,600 tons (of which 241,000 and 206,000 tons respectively represented the Sicilian output). The export figures for the first four months of 1926 mark a further heavy decline: 67,211 tons as against 97,821 in 1925.

Sulphur mines occupy nearly one-fifth of the area of Sicily and afford employment to some 18,000 persons. They are therefore of great economic importance to the Island, but hitherto they have laboured under the disadvantage of antiquated equipment and working organisation. While the wages paid to labour have been notoriously low, the cost of production has been high. It has long been felt that the electrification of the mines would be essential to their economic recovery, and now at last the news comes that a decisive step has been taken in this direction. On May 11, 1926, the Corporation for the Technical and Economic Development of the Sulphur Industry signed a contract with the General Electrical Company of Sicily for the electrification of all the services connected with the Sicilian sulphur mines. The power will be produced by a central thermal electric station at Catania, which will transmit it to all the sulphur mining districts over a main line at 40,000 volts running between Catania, Caltanissetta, Campo-Franco, with a subsidiary line at 10,000 volts for the Caltanissetta-Sommatino district. The agreement requires that the whole installation be completed in three years' time, but it is believed that the work will be finished sooner as the General Electric Company of Sicily has already got it well in hand. The cost of the installation is estimated at from 34 to 35 million lire, of which the corporation for the technical and economic development of the Sicilian sulphur mines will contribute 8 million. The total length of

the lines to be installed is no less than 500 kilometres. Expert opinion pronounces the scheme, which has thus been adopted, to be a sound one both technically and economically. Modern mining industry cannot prosper unless it can avail itself of an adequate power supply, which can be transmitted and sub-divided readily, and at a low cost. These requisites will now be provided. (*Report of the General Fascist Confederation of Italian Industries, July 1.*)

LITHUANIA

POLITICAL AND GENERAL

The New Government.—Following upon the elections a new president has been elected to the Republic of Lithuania in the person of Dr. K. Grinius, a former member of the People's Socialist party, or Populists. He held the office of Prime Minister from June 1920 till February 1922, and as the editor of various newspapers and periodicals has been one of the champions of Lithuanian independence, his endeavours in this direction beginning as early as 1884, though he was by profession a doctor of medicine. Dr. Grinius suffered much for his liberal opinions and was repeatedly arrested and imprisoned under the Russian régime, while his wife and daughter were killed by the Bolsheviks during the war. After retiring from the position of Prime Minister Dr. Grinius was elected successively a member of the first and second Seim, and has been continuously associated

with public life until his election as President of the Republic.

The new Prime Minister, M. Mykolas Slezevicius, is the acknowledged leader of the Lithuanian Populist Party, which has come into power in consequence of the defeat of the Christian Democrats at the last elections. Like the President, he has been for many years actively engaged in journalism, and after being imprisoned by the Bolsheviks became head of the Lithuanian administration in 1918. More recently M. Slezevicius has been the leader of the Opposition in the Lithuanian Seim, while at the same time exercising his profession as a barrister, being regarded as one of the best Lithuanian jurists.

The Populist Party has introduced into the Seim two Bills for the reduction of salaries paid to Cabinet Ministers, the State Comptroller and the President of the Republic. The President's salary is to be reduced from Lits 10,000 to Lits 7,000 a month, a reduction amounting to Lits 36,000 annually. Ministers have hitherto had an allowance for representation purposes in excess of their salary of Lits 2,500, which it is now proposed to cancel except in the case of the Prime Minister and the Minister for Foreign Affairs, who will retain an allowance of Lits 2,000 a month each. If the Seim adopts the Bill a saving of Lits 117,000 per annum will be effected. The new Cabinet also undertakes to be content with two motor cars for Government purposes, so that five or six will be returned to the State Garage and a further saving of Lits 60,000 to 70,000 per annum effected.

On June 23 M. M. Slezevicius read the Declaration of the new Cabinet, according to which the chief aim of the Government in the sphere of foreign policy is the gathering of all Lithuanian territories under the flag of Lithuania with the reinstatement of the ancient capital Vilna. No normal relations will be resumed with Poland until Vilna and all the lands belonging to Lithuania according to the Moscow Treaty are restored, together with those clauses of the Suvalki Agreement which Poland has violated. The Government promises autonomy to these regions when they are liberated from the Polish occupation.

Endeavours will be made to conclude commercial treaties with France, Belgium, Italy, Spain and the States of Central Europe. The provisional treaty with Great Britain is to be made permanent, so as to strengthen economic ties with England. Negotiations are to be carried on with Germany and Soviet Russia with a view to settling political and economic relations with those countries. The Government intends to give concrete form to its amity with the Baltic States and to enter upon this immediately. The armed forces of the Republic are to be strengthened, and certain measures of reform will be carried out with a view to the suitable training of officers and the improvement of the material position of both officers and men, and a reorganisation of the military courts is to be effected.

In the sphere of finance the Government will pursue the course of reducing expenditure and raising working capacity. The interests of agriculture will be given prime consideration, but the importance of commerce and industry will not be overlooked. Any surplus in the financial resources not required for the turnover of the Treasury will be transferred to the credit institutions and people's banks, subject to the necessary safeguards.

The Government intends to make efforts to preserve the country's greatest source of wealth, the forests. In order to spare the timber, which is inadequate for the growing building requirements of the country, the use of fireproof substances for building purposes is to be promoted. The export and home sale of timber is to be regulated by the Government. To enable the Lithuanian farmer to produce more cheaply and to compete in foreign markets, import duties will be reduced or entirely abolished in the case of agricultural machinery and implements. About one quarter of the total area of the country is at present unproductive because it is subject to floods. The Government intends to engage

the unemployed on extensive schemes for the reclamation of this land. Further credit facilities are to be afforded to agriculture for the process of transition from grain cultivation to dairy farming. The cultivation of flax and grain will not be overlooked. Experiments are to be made with a view to enhancing the fertility of fields, meadows and pasturage and experimental stations will be established in various parts of the country. The Chamber of Agriculture is to be reorganised and adapted to the needs of the peasantry.

A new railway line is to be constructed between Telsiai and Krotinga, which will play an important part in the intercourse between the Memel Territory and the rest of Lithuania. The channel of the Niemen is to be deepened so as to link Kowno more closely with the port of Memel and provide a cheap means of export through that port, where elevators, refrigerators and granaries are to be erected.

The Government undertakes to carry out Articles 73 and 74 of the Constitution in regard to the National Minorities and undertakes to fulfil the Memel Convention and bring into force the principles of autonomy laid down therein.

The Declaration, which concludes with an appeal to the Seim to co-operate with the Government was passed on June 24 by 47 votes to 21, confidence being thus expressed in the new Government. (*Elta Agency Bulletin*, July 1926; *Kölnische Zeitung*, June 15.)

TRADE

Development of Trade through the Port of Memel.

—According to *Klaipėdos Žinios* the turnover of goods at the port of Memel (Klaipėda) has recently shown slow but steady increase. The import and export figures for 1924 and 1925 are as follows (in metric tons):—

Imports.		Exports.		Total.
1924	... 294,611	1924	... 143,434	448,005
1925	... 366,654	1925	... 139,114	505,768

In 1924 the total turnover amounted to 84 per cent. of the 1904 to 1913 average of 535,080 tons, while the 1925 figure represented 95 per cent. As last year international trade reconstruction reached exactly 95 per cent. of the pre-war standard, the turnover of goods at the port corresponds exactly with international development.

Imports predominate in Lithuania's foreign trade through the port of Memel, and of late years have appreciably exceeded the average of 1904 to 1913 of 263,780 tons, representing in 1924 112 per cent. and in 1925 135 per cent. of the pre-war standard. Exports on the other hand have not developed to a satisfactory extent, the 1924 figure representing only 53 per cent. and that of 1925 as little as 51 per cent. of the 1904 to 1913 average of 271,300 tons.

A considerable proportion of Lithuania's export trade proceeds through the rival ports of Königsberg and Libau, a regrettable circumstance which should be remedied by all possible means. If the entire Lithuanian export were directed through Memel the port turnover would exceed the pre-war standard in this respect also.

Imports through the port of Memel for the past two years have been distributed as follows, according to countries of origin (in tons):—

1924.		1925.	
From England	... 141,842	From Germany	... 117,576
Germany	... 61,023	England	... 67,875
Sweden	... 35,361	Sweden	... 54,423
Holland	... 31,488	Holland	... 45,036
Spain	... 7,956	Norway	... 36,621
Danzig	... 5,135	Finland	... 20,141
Estonia	... 4,007	Latvia	... 10,286
Denmark	... 3,439	Danzig	... 4,235
Russia	... 1,712	Denmark	... 2,443
Latvia	... 1,376	Estonia	... 2,406
Belgium	... 1,272	Italy	... 2,040
		Belgium	... 1,966
		Russia	... 1,600

Comparing these two tables we see that England in 1925

yielded first place to Germany. This was due to the fact that keen competition arose between Westphalian and British coal. In 1924 England exported to Lithuania via Memel 139,413 tons, but in 1925 only 65,795 tons, whereas Germany exported to Lithuania 11,114 tons in 1924 and 54,268 tons in 1925.

The most important German commodity was cement, of which 16,571 tons was imported in 1924, but in 1925 only 7,988 tons, owing to Swedish competition which began in that year. The import of fertilisers from Germany also decreased from 44,385 tons in 1924 to 10,226 tons in 1925, Holland having ousted Germany with 44,634 tons in that year. The biggest item from Sweden was limestone, 18,644 tons of which was imported in 1924 and 28,301 tons in 1925. In addition to this, small quantities of cement and fertilisers were also imported from Sweden. Spanish sulphur to the extent of 35,591 tons was imported through Norway in 1925. In that year 20,095 tons and 9,124 tons of pulpwood were imported from Finland and Latvia respectively.

Lithuanian exports through the port of Memel, according to the countries of destination, were as follows in 1925 (in tons):—

To Germany ...	67,097	To Norway ...	2,700
England ...	24,909	France ...	2,620
Spain ...	11,192	Italy ...	1,037
Sweden ...	10,774	Latvia ...	561
Holland ...	8,423	Finland ...	388
Denmark ...	5,493	Estonia ...	165
Belgium ...	3,683	Danzig ...	72

Exports to Germany consisted chiefly of cellulose of Memel manufacture and also in transit from Tilsit. This export amounted in 1924 to 26,960 tons and in 1925 to 30,159 tons, while that of worked up timber represented 26,960 tons in 1924 and only 15,587 tons in 1925.

To England there was an increase in the export of cellulose from 4,252 tons in 1924 to 13,288 tons in 1925, but the export of worked up timber declined from 25,011 tons in 1924 to 3,316 tons in 1925. There was no change in the export of sleepers; the figures were 4,527 tons in 1924 and 4,695 tons in 1925. Spain took from Lithuania only cellulose, 4,761 tons in 1924 and 11,192 tons in 1925. Holland and Denmark import from Lithuania a considerable amount of worked up timber. In 1924 the former took 8,143 tons and the latter 6,700 tons, and in 1925 the former took 5,226 tons and the latter 2,312 tons. Small quantities of cellulose and worked up timber were exported to Belgium. (*Elta Agency Bulletin*, No. 10.)

Foreign Trade Returns for April and May.—Lithuanian exports in May amounted to Lits 16,300,000, while in April they represented Lits 21,000,000, or Lits 4,300,000 less than in March. The export of flax experienced the chief decrease, while that of eggs, butter, timber and cellulose increased. In May the imports amounted to Lits 19,400,000, being Lits 3,100,000 in excess of exports. In April the import figure was Lits 20,900,000, or Lits 1,400,000 more than in March and Lits 100,000 less than the export figure for the same month. The import of textiles experienced the greatest increase in the month of April. In May as compared with April exports decreased by Lits 4,700,000 and imports by Lits 1,900,000.

The absence of import duties on certain classes of pulpwood has for some time attracted the attention of the Lithuanian timber merchants. The Lithuanian market provides about 300,000 cubic metres of this kind of timber to be worked up into cellulose in Lithuania and Germany. In its raw and worked up state pulpwood represents almost the biggest item of export. Nevertheless it appears that, in view of the absence of import duties on pulpwood, it is proposed to import a large quantity of this commodity from abroad. It is clear that this import may affect the position of the Lithuanian payment balance, and it is assumed that the interested

circles will take all steps to remove this harmful factor. (*Elta Agency Bulletin*, Nos. 11, 12, 13.)

COMMUNICATIONS

Highways, Railways and Waterways.—There are at present under the jurisdiction of the Lithuanian Highways and Waterways Board 11,189.23 kilometres of highways, which almost all required extensive repairs after the German occupation. The Ministry of Communications has prepared a plan for the continuous extension of the network of highways. For that purpose the existing public roads have been classified, and it is intended in the first place to convert into highways about 1,200 kilometres of roads leading to railway stations. The Ministry of Communications intends to spread this scheme over a period of from ten to twenty years, constructing from 50 to 100 kilometres of new highways annually, expending for this purpose from Lits 5 to 12 million each year. The Highways and Waterways Board is obtaining the necessary equipment for the carrying out of this work.

According to information supplied by the Railway Bureau four million passengers were carried over the Lithuanian lines in 1925. Private passengers travelled a total of 230,000,000 kilometres. In 1924 the number of passengers was 3,370,463. During 1925 13,000,000 kilogrammes of luggage and 1,068,000 tons of freight were carried. During April the railway receipts totalled Lits 2,700,000 including Lits 2,450,000 from the broad gauge and Lits 250,000 from the narrow gauge lines.

On May 7 passenger traffic began on the newly constructed Analiai-Telsiai Railway. This makes the second standard gauge line built in Lithuania since the recovery of independence. The first to be built was the Kazlu-Ruda-Mariampole-Sestakavas Railway. The opening of a second railway shows that in spite of the alleged economic crisis the State is strong enough to attend to the vital interests of the country. The new branch line links Telsiai, the centre of the region, with the Lithuanian railway system and affords the residents of that district an outlet to the world. It is to be hoped that Zemaitija will obtain a direct outlet to the sea through Memel, whither the region's economic interests naturally tend.

The Ministry of Communications reports that the inland waters of Lithuania carried 94 steamers in 1925. During the eight months that they were open to navigation last year 122,388 passengers were carried. From Kowno 2,563,570 kg. of freight were despatched, while 17,337,292 kg. of various goods were conveyed to that city. The total receipts were Lits 139,135.12. (*Elta Agency Bulletin*, June.)

TURKEY

POLITICAL AND GENERAL

The Mosul Pact.—The treaty between Turkey and Iraq was signed at Angora on June 5. By this pact Turkey accepts the Brussels line as the definite frontier to be delimited by the Turkish and Iraq Military Commission three months after the treaty is ratified by both contracting parties. For a period of twenty-five years Turkey will be granted 25 per cent. of all the royalties accruing to the Iraq Government from the Turkish Petroleum Company's operations in that part of the land that was included in the former Ottoman Empire. (The present Turkish Petroleum Company has grown out of the pre-war Anglo-German concern which enjoyed the sole rights of exploiting oil in the Ottoman Empire.) A neutral zone of 75 kilometres is established, to be controlled jointly by the police of both Governments. The inhabitants on the Turkish side of the frontier may adopt Turkish nationality within a given period and Turkey has the right to expel any persons considered undesirable.

The treaty, which corresponds for the most part with the findings of the League of Nations, appears to have

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caused a certain amount of dissatisfaction in political and economic circles in Turkey. Some journals express doubt as to whether the present pact may be regarded as a permanent settlement and consider that it will prove disastrous for the development of Turkish economic life. Others, on the contrary, believe that Great Britain will keep to her obligations in respect to the measures for the security of the frontier regions, in which case the resultant tranquillity will provide favourable conditions for uninterrupted economic progress on the Turkish side.

Economic Restoration.—At the Annual General Meeting of shareholders in the Ottoman Bank held on July 12, the Chairman, General the Hon. Sir Herbert A. Lawrence, made the following statement respecting the economic restoration of Turkey:—

The work of economic restoration in which Turkey has been engaged since the war has been pursued by the Government during the year 1925 with an energy and perseverance which deserve the fullest recognition. Official encouragement has been given to agriculture, which is the basis of the economic system of Turkey. The abolition of the tithe, the distribution of seed to farmers, the provision of motor tractors—all these are measures which have contributed to the improvement in recent harvests. Weather conditions have been generally favourable to the varied crops, and, although all hopes have not been realised, it can be said that marked progress has been made by agriculture in comparison with preceding years. Thanks to the increase in the area sown, cereals showed an increase during 1925 of 40 per cent. Transport conditions, unfortunately, were not equal to the distribution of the harvest, and thus, notwithstanding the increased production, it became necessary to import a certain quantity of foreign wheat in order to supply the needs of the population. Tobacco tends more and more to take the first place among national products. Its cultivation extends throughout the territory of the Republic. Last year the yield was slightly less as compared with that in 1924, but the loss in quantity appears to have been fully compensated by an improvement in the quality obtained. The cultivation of cotton in Cilicia shows steady progress. The crop for 1925 is estimated at 100,000 bales as against 70,000 bales for the preceding year. This result still falls short of the capacity of this rich alluvial region. The Smyrna Hinterland suffered severely from drought, and the quantity of figs and raisins produced was below the average. As to the other products of the country, opium, silk cocoons, and nuts, the results have been unequal. Live stock has only been reconstituted slowly since the war, and the production of wool and mohair still remains far below pre-war levels.

Agriculture supplies the great bulk of the country's exports, and on the welfare of agriculture depends the commercial balance of the country. The commercial movement in itself shows a steady increase. The value of exports rose in 1924, while imports increased in a lesser proportion. The figures for the first ten months of 1925 show that the same tendency persists for the growth of exports to exceed that of imports. It will be seen not only that the commercial movement is increasing steadily but that the adverse trade balance is falling. The increased value is not solely due to a rise in prices or to fluctuation in the exchange. If we examine the tonnage statistics we realise that a real progress has been registered. The Sterling Exchange, which at the end of 1924 was quoted at 875 Turkish piastres, continued to rise during the first months of 1925 until it reached 975 piastres towards the end of February. The period of exports, when it arrived, caused the Turkish £ to appreciate again, and at the beginning of August the £ sterling stood at 800 piastres. Harvest estimates, however, proved in some cases to have been too optimistic, and at the same time a fall in prices on foreign markets encouraged exporters to hold their stocks.

The improvement in the Turkish £, therefore, could not be maintained, and on December 31, 1925, the £ sterling stood at 910 piastres.

Credit is due to the Government of the Turkish Republic for its monetary policy. This is above criticism. The present régime had no sooner taken in hand the affairs of a country just emerging from ten years of war than it found itself face to face with difficulties of an economic nature. Notwithstanding this, it has not increased the amount of notes issued. Its only action in regard to currency has been with the object of replacing notes issued during the war by new notes. As local capital is scarce and is fully employed, assistance is indispensable to the development of the country. It becomes natural, therefore, to look abroad, and it is to be hoped that, so soon as the question of the foreign debt of Turkey is settled, assistance will be furnished on a scale sufficient for the country's needs.

The distribution of the Ottoman Public Debt between Turkey and the other successor States was continued in 1925 in accordance with the provisions of the Treaty of Lausanne. This formality was completed and the Turkish share definitely fixed as to both capital and annuities. Negotiations then took place between delegates of the Turkish Government and representatives of the bondholders with the object of establishing a basis for the service of the loan. Unfortunately these have not up to the present led to any agreement.

The Grand National Assembly has set itself to achieve the balancing of the Budget. Revenue and expenditure in the Budget for 1926-27 are estimated at about £T.190,000,000. It is hoped that further reductions in expenditure will be effected and that the year will end with a surplus. In this connection it must be borne in mind that the Turkish Government, in carrying out a legitimate railway policy, has burdened its regular Budget with considerable capital expenditure, which is met usually by means of extraordinary resources.

Agreements with neighbouring Powers have been concluded lately by the Government of the Turkish Republic. The most recent of these is the Mosul Agreement. Such diplomatic questions as had been left in suspense by the Treaty of Lausanne have now been settled.

During the year the Bank had reached a definite agreement with the Turkish Government for the prolongation of the Bank's concession until March 1, 1935. The fundamental status of the Bank and its essential privileges were confirmed for ten years. The accounts showed an available balance of £410,040, and it was proposed that £400,000 should be devoted to the constitution of a provision for depreciation of currencies, etc. Any future depreciation would be chargeable to that account, and from January 1, 1926, if nothing abnormal occurred, profits should be available for the distribution of dividends to the shareholders.

FINANCE

The Turkish Debt.—The Council of Foreign Bondholders has informed the Press that the negotiations that had been proceeding at Paris for nine months between the representatives of the Turkish Government and the Council of Foreign Bondholders have been broken off since the Turkish Government refuses to recognise the contract rights of the Bondholders and has failed to submit a reasonable proposition for settlement. The Council has requested the support of the various Governments of the respective groups of Bondholders on the grounds that by a former decree any difference that might arise concerning the interpretation of the terms of contract should be submitted to arbitration.

The Turkish proposal submitted at the last meeting was for a total annuity of only £T.2.5 mill. (gold) in the first ten years, £T.1.75 mill. (gold) in the next succeeding ten years, and £T.2 mill. (gold) as from the twenty-first year on until the complete satisfaction of the loan

service. The annuity of the first period would demand only 6 per cent. of the Budget revenue. This is considered insufficient by the Bondholders, since it represents a feebler readiness to pay than that shown by other countries with less capacity of payment.

The Consumption Taxes.—According to the *Wirtschaftliche Nachrichten* the Turkish Ministry has introduced certain alterations in the general consumption tax, chiefly with a view to stimulating the exportation of tobacco. The Government estimates that it will receive about £T.80 mill. per annum out of the general consumption tax. The aggravation of tributary impositions in Turkey and the introduction of fresh taxes has had a detrimental effect upon the general economic life of the Republic.

The two forms of the consumption tax, viz. the general and the special taxes, came into force on May 1. The general consumption tax consists of a 2½ per cent. impost on all buying and selling operations, with the exemption of bread, articles that come under the monopolies, Stock Exchange and commercial Bourse operations, purchases for immediate consumption in restaurants, hotels, cafés, etc., entertainment tickets, and sales effected by small concerns or by individuals who already pay a tax on profits not exceeding £T.10. The transport of passengers subject to the transport tax is also exempted from the general consumption tax. The *Buyuk Yol* states that the sale of carpets does not fall under this new tax. Special dual stamps have been issued for the collection of this tax; one part of the stamp has to be given to the purchaser and the other is retained by the vendor. The special private tax has to be paid by persons consuming food or beverages in hotels, restaurants or similar establishments. Under this head, too, falls a kind of entertainment tax. For the purpose of the application of this law the various establishments are divided into four classes, the first paying 30 per cent., the second 20 per cent., the third and fourth 10 per cent.

The Budget for 1926-27.—The revised estimates for the financial year 1926-27 have been approved by the National Assembly. The Budget provides for revenue at £T.190,158,854 and expenditure at £T.189,407,765, thus resulting in a surplus of slightly over three-quarters of a million. The direct taxes are estimated to bring in a total of £T.39.2 mill., including £T.13.42 mill. from the land tax, £T.9.26 mill. from the income tax and £T.9.45 mill. from the "satim" or sales tax. The indirect taxes should produce £T.78.75 mill., the chief sources being the Customs with £T.39.75 mill. and the consumption tax with £T.37.46 mill. The monopoly receipts are expected to yield a total of £T.46 mill., including £T.15 mill. from tobacco, £T.8.5 mill. from salt, £T.4 mill. from sugar, £T.4 mill. from petroleum and benzine, £T.2.24 mill. from matches, £T.5 mill. from spirits, and £T.6.3 mill. from Posts, Telegraphs and Telephones. Stamp duties are estimated at £T.6.6 mill.; the income from State property and State enterprises at £T.10.2 mill., including £T.3.1 mill. from the railways; miscellaneous receipts at £T.9.4 mill. (*Buyuk Yol*, May 13.)

TRADE

Market Prospects in Turkey.—The Constantinople correspondent of the *Morgenblatt* (Zagreb) submits in its issue of June 12 some useful points respecting the commercial prospects of foreign goods in Turkey. He mentions that although cereals are still imported into Turkey to satisfy the demand chiefly of the larger towns, this trade will in all probability entirely disappear within the next two or three years. In pre-war days the old Turkish Empire was primarily an agricultural country and grew cereals far in excess of the home requirements. In 1904, for instance, over 1,350,000 tons of cereals were exported from Turkey. After the war Turkey fell to the position of an importing country in respect of cereals. But the measures taken by the present Government to reinstate Turkish agriculture are

bearing fruit and every year Turkey needs to import less and less. In 1924 Constantinople consumed 155,749 tons of foreign and only 13,549 tons of home-grown cereals, whilst in 1925 the foreign imports for Constantinople's consumption fell to 106,000 tons and the home products rose to 45,000 tons. In regard to sugar Turkey will be obliged to rely upon foreign supplies for many years to come, despite the strenuous efforts that are being made to encourage the cultivation of beet in Anatolia. The present demand for sugar amounts to about 60,000 or 70,000 tons per annum, the major part of which comes from Czechoslovakia. Paper is a line with good prospects in the Turkish Republic. The Slovenian paper mills are doing a brisk business with Turkey, but other Yugo-Slav paper mills fail to penetrate that market on account of their high prices. Turkey has still to meet the home demand for meat by importing large numbers of cattle. In this market there is little if any competition from the home live stock industry which breeds cattle in Anatolia almost exclusively for draught purposes. Although Turkey possesses very extensive woods these have not yet been exploited to any extent and lie, moreover, far from the industrial centres where timber and wood are required. There is, in consequence, invariably fair prospects in this direction. At present most of the timber is obtained from Russia and Rumania. On account of transport difficulties Turkey has begun to use steel instead of wooden sleepers for the new railways. In view of the various railway projects in the Republic there should be a large amount of business in connection with supplies for the railways for some considerable time.

For several months past there has been a marked diminution in building activities. The plan of operations in this branch is, however, very extensive, and it is expected that work will be resumed and fresh activities initiated on a much larger scale than hitherto. In this connection cement, bricks and tiles should soon find a ready market in Turkey.

The Turkish demand for potatoes is often overlooked abroad. The home consumption, which is ever increasing, is greatly in excess of the home production. France and Italy reap the greatest benefits in this field of commerce. Last year France exported to Turkey nearly 4 mill. kilogrammes of potatoes.

From numerous other reports we gather that, although Turkish industry is gradually becoming a more important factor in the economic life of the Republic, there are now improved prospects for foreign textile goods and metal manufactures, particularly for agricultural machinery. The Turkish Bank for Industry and Metal Manufactures is very actively supporting various home enterprises, notably the manufacture of nails and wire near Constantinople, cloth at Herge and leather and footwear in Beikos. Though this is indicative of the new spirit at work in the Republic the effect of such efforts upon the market is very slight. Moreover, the general demand is stimulated by and grows parallel to these activities.

Revised Foreign Trade Returns.—The provisional foreign trade returns of the Turkish Republic for the year 1925 were published in THE ECONOMIC REVIEW of May 28. The later figures, revised as up to October last, are now available and show, as published in the June issue of the *Ottoman Bank Monthly Circular*, a considerable increase on the original returns of the total trade movement. The total value of imports during the first ten months of the past year was £T.196.9 mill., and that of exports £T.153.7 mill., representing an adverse balance of £T.43.2 mill. The proportion of exports to the total trade movement was 43.48 per cent. The figures for the corresponding period in 1924 were £T.148.8 for imports and £T.113.9 for exports, the adverse balance being £T.34.9 mill., and the proportion of exports to the total trade movement 43.44 per cent. Compared with the 1924 period imports from January to October 1925 showed an increase of 32 per cent.,

while exports rose by 35 per cent. and the total trade movement by 34 per cent. Compared on the basis of quantity, imports rose from 514.9 mill. kilogrammes in the 1924 period to 612.25 mill. kilogrammes in 1925, an increase of 19 per cent., and exports rose from 537.6 to 628.6 mill. kilogrammes, or 17 per cent. The proportion of exports (by quantity) to the total trade movement was 51 per cent. in the first ten months of 1924 and 50 per cent. in the corresponding period of 1925. The movement month by month followed much the same course as in 1924.

The *Morgenblatt* (Zagreb) of July 3 points out that Turkey's export trade in dried southern fruits is being badly affected by the competition of Australia and California. The change in the European market has been most noticeable since 1923. Great Britain and Germany were the chief markets for these products, but these are falling away. The decline in the sales to Great Britain is indicative of the great difficulty Turkey now has in maintaining her position in the foreign market. In the year 1923 the United Kingdom imported from Smyrna 20,500 tons of raisins, sultanas, etc.; but in 1924 the figure had dropped to 13,500 tons and in 1925 to only 6,000 tons. Meanwhile British imports of dried southern fruits from Australia rose from 9,500 tons in 1923 to 18,000 tons in 1925, and from California from 10,000 tons in 1923 to 20,000 tons in 1925. The sultanas from Australia and Greece are also able to compete with the Turkish product in respect to quality, but the raisins from California are about equal in quality to the second-class Turkish product. The Smyrna crop for the present year is estimated at a round 50,000 tons.

The Floating Exhibition.—In order to make known the products of Turkey and to establish commercial relations between Turkish merchants and those abroad the Ministry of Commerce has, with the aid of the Turkish Chamber of Commerce and Industry, organised a unique Floating Exhibition on board the ss. "Kara Deniz" of the Seir Sefaine Steam Navigation Administration. This Exhibition left Constantinople on May 31, 1926, and has already visited Barcelona, Liverpool, Havre and London. During July it is touching at Hamburg, Stockholm, Helsingfors, Leningrad, Danzig, Copenhagen, Amsterdam and Antwerp, while during August it will call at numerous Mediterranean ports. The exhibition is divided into two sections, the sales and the samples departments, and so far the results are said to be satisfactory and such as to justify the enterprise.

The *Wirtschaftliche Nachrichten* of June 25 reports that in order to stimulate home industry the Turkish Government has decided to exempt from Customs duties for a period of three years the importation of raw materials and chemicals required by the Turkish factories, in so far as the latter come under the Protection of Industry Law.

The tobacco monopoly has been renewed for a period of three years.

SOUTH AMERICA BOLIVIA.

Mineral Exports.—According to the statistics issued by the Bolivian Customs the total of mineral exports in 1925 amounted to 127,143 tons, as against 123,989 tons in 1924 and 115,633 tons in 1923. These exports were distributed as follows (in tons): antimony, 3,146 (Great Britain 2,135, the United States 417, France 331, Belgium 32); bismuth, 542 (Great Britain 473, Belgium 50, Germany 19); copper, 14,659 (United States 13,532, France 750, Great Britain 351, Chile 1); tin, 54,330 (Great Britain 54,236, Chile 40, Belgium 17, France 16, United States 12, Germany 7); gold, 12 kilogrammes (Germany 6 kg., Chile 6 kg.); silver, 11,343 tons (United States 7,943, Belgium 1,833, Great Britain 1,328, Germany 238, Chile 1); lead, 36,837 (Great Britain

16,653, Argentina 7,647, Germany 5,414, Belgium 3,613, United States 3,290, Chile 130, Spain 88, Peru 2); wolfram, 76 (Great Britain 72, United States 4); zinc, 6,210 (Great Britain 4,062, Belgium 1,115, Germany 1,093). (*Espana Económica y Financiera*, June 12.)

The Bolivian Railway Systems.—The Ministry of Public Works and Communications has issued the following details respecting the railway systems operating in the Republic as at July 31, 1925. The lines working under State guarantee are: The Bolivia Railway Company with a total mileage of 670 kilometres (Viacha-Oruro 202); Rio Mulato-Potosi, 174; Oruro-Cochabamba, 204; Uyuni-Atocha, 90; the Luz y Fuerza undertaking of Cochabamba, 78 (Cochabamba-Vinto 18, Cochabamba-Arani 60); State lines, 362 (Ramal Corocoro-Tareja 8.5, Potosi-Sucre, in construction, 102, Atocha-Villazon 198; La Paz-Boni via Yungas 53.5). The lines that are not operating under State guarantee are (in kilometres): the Antofagasta (Chile) and Bolivia Railway Co. Ltd., 529 (Antofagasta-Oruro, Bolivian section, 488, Viacha-La Paz, new track via Kenko, 41); Arica-La Paz, 231; Patiño Mining Consolidated Inc., from Machamarca to Uncia, 96; The Peruvian Corporation, Ltd., from Guaqui to La Paz, 96; Huanchaca Company, from Uyuni to Huanchaca, 38. The total railway mileage in Bolivia is 2,100 kilometres. The most important lines are that from Antofagasta to Bolivia, which transported 235,680 passengers and 259,493 tons of goods in 1924, and that of the Bolivian Railway Company, which transported 218,984 passengers and 190,498 tons of goods in 1924. (*Espana Económica y Financiera*, May 29.)

ECUADOR

Foreign Trade from 1915 to 1924.—The Statistical Department of the Government of Ecuador has issued particulars concerning the country's commercial exchanges with foreign countries during the ten-year period 1915 to 1924. The value of exports during this period is given as 396,584,816 sucres, and that of imports as 287,520,657 sucres; the favourable balance is thus 109,064,159 sucres. The principal articles imported and their respective values were as follows (in sucres): various textile goods, 82,213,297; foodstuffs, 38,739,422; metal manufactures, 25,197,557; machinery, apparatus, etc., 22,105,980; drugs and chemical products, 11,543,577; minerals and fuel, 9,990,968; ready-made clothing, 9,695,623; vehicles, 9,158,316; stationery, carton, etc., 8,618,184; wire, cables, cordage, etc., 7,856,362; footwear, 6,848,209; perfumery and toilet articles, 6,765,753; gold, silver and nickel specie, 4,727,796; glassware and earthenware, 4,518,941; wines, liqueurs and other beverages, 4,459,576; paints, dyes, varnishes, enamels, etc., 3,472,216; oils, 3,387,008; cement, stone and earths, 3,067,790; vegetables, plants, etc., 2,780,786. (*El Trabajo Nacional*, Vol. VII., No. 74.)

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 6	Lisbon..... 9	Sofia 7
Brussels 7	Madrid 5	Stockholm .. 4½
Bucharest .. 6	Moscow 8	Tokyo 7.½
Budapest 7	New York ... 3½	Vienna 7½
Copenhagen ... 5	Oslo 5½	Warsaw 10
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.

THE ECONOMIST'S BOOKSHELF.

THE COST OF THE WAR.

Les Dépenses de Guerre de la France. By GASTON JÈZE, Professor of Law in the University of Paris.

This work belongs to the French series of the "Economic and Social History of the World War" in course of publication by the Carnegie Endowment for International Peace. Of the four volumes of this series devoted to financial questions this is the only one that has yet appeared, the other three now in course of preparation being "Le Coût de la Guerre pour la France," by MM. Charles Gide and Gaston Jèze; "Les Finances de Guerre de la France," by M. Henri Truchy; and "Le Marché Monétaire et Financier Français pendant la Guerre," by M. Albert Aupetit. M. Jèze's work is remarkable in that it gives no particulars of the war expenditure of France. This omission, which the other three volumes of the financial section of the French series will no doubt supply, is deliberate. Although he quotes the total figures of that expenditure supplied by other authors, M. Jèze refuses to enter into the details of the sum total or to analyse the items of the account, and for the following reasons. "It is possible," he says, "that the reader may incline to the opinion that there is a great lack of particularity in some of the statements I have developed, as for instance with regard to the cost of the war to France. Indeed, with the help of official documents I might easily have accumulated impressive statistics and supplied figures of the greatest exactitude. I have preferred to tell simply what I believe to be the truth, while specifically stating the reasons for which the intelligent public should be on its guard."

Thus the first chapter of Professor Jèze's work, under the caption "The Cost of the War," is devoted not to statistics of war expenditure, but to a definition of the term "war expenditure," to a criticism of the methods of calculation generally adopted in order to establish the public expenditure in cash of the war, and especially to an analysis of the difficulties which stand in the way of an exact knowledge of the war expenditure of France. The learned professor displays here his usual gifts—great erudition and a shrewd power of analysis, enlisted in an ardent fight for the introduction of accuracy, honesty and publicity in the realm of public finance, and we are in agreement with the author when he expresses a hope that "the agnostic conclusions he has arrived at in the case of France may prove acceptable to many other countries."

After quoting the estimates formed by various authors in order to arrive at the total of the war debts of France (either by subtracting from the amount of the expenditure incurred in the course of the war the amount of the expenditure which would have been incurred during the same period in times of peace, or, more simply, by taking the increase in the national debt as representing the war expenditure), M. Jèze comes to the conclusion that the figures given by these authors, varying from Fr.120, Fr.130, Fr.140, to Fr.170 and Fr.190 milliard, are far short of the truth, and that it is actually impossible to estimate the cost of the war to France with any sufficient approximation to correctness by any reasonable methods. But, according to Professor Jèze, this is of no consequence, for the cash expenditures of a country are the least important consequence to it of a great national war. It is only a pecuniary sore. The decline of morality and of civilisation, the economic and financial chaos in which the world is floundering, these are the effects of the war which far outstrip in importance the cash expenditures, however heavy these may be.

The author proceeds to analyse the various reasons which explain this impossibility of calculating with any approach to exactness the cash expenditures of France during the war, and dwells more particularly and in great detail on the following. The calculation

of war expenditure, as carried out hitherto, only takes into consideration the credit accounts opened. The documents necessary to calculate the amount of expenditure incurred are wanting. The disorganisation of the finance department owing to mobilisation and the disordered state of the public records are such as to make it impossible to ascertain, even in the near future, the real cost of the war to France. Further, there is the necessity, in calculating this cost, to take into account the proceeds of the liquidation of war stocks, to know the eventual solution yet to be achieved of the problem of interallied indebtedness, and to take into consideration the reparation payments yet to be made by Germany. But if it is impossible to fix the exact total of the war expenditures of France, sufficient is known to justify the statement that it is enormous. In the second chapter of his book Professor Jèze examines the reasons for the hugeness of this expenditure, viz. the industrial character of the war, loans to the allies, social welfare contributions, the rise in prices, the inevitable waste, the loss of control, speculation, and the growth of the National Debt.

Professor Jèze dwells in greater detail in his third and fourth chapters on the question of the industrial character of the war and on the problems of advances to contractors and of the revision of war contracts. Financial combinations effected for the transformation of peace industries into war industries make up the financial history of the industrial mobilisation of France for the carrying on of the war. The author particularly examines the question of public morality which is connected with the questions of advances to contractors and of war contracts, and he has come to the conclusion that, "if there have been many abuses and much waste in these directions in France, it does not appear that the public departments of the other belligerent countries proved more careful of public money." The last chapter, which only extends over sixteen pages, is devoted to the powers with regard to finance conferred on the Government for the conduct of the war. In clear and concise terms Professor Jèze exposes the whole mechanism of the Act of August 5, 1914, the scope of the powers granted to the Government, and the question of Parliamentary control. This account had previously appeared in the learned Professor's Course of Financial Science in the volume dealing with the General Theory of the Budget.

Professor Jèze sums up as follows his general conclusions with regard to the consequences of the war: "One point on which my conclusions are very firmly established is that of the economic, financial and moral consequences of the great war. I will restrict myself here to a brief statement, as a separate volume will be devoted to the economic, financial and moral consequences of the war. This work will deal with the economic cost of the war, along with the present enquiry into the public expenditures of the war. I will merely state here that the war has not only brought about the economic ruin of France and the disorganisation of her finances: from the moral point of view it has been a catastrophe. . . . The financial conduct of the war was bad. Very probably it was so also in all the belligerent countries. It is a question of degree. Waste, disorder, inconsequence, ignorance and corruption would appear to be inseparable from a great national war." P.A.

THE FRENCH FINANCIAL PROBLEM.

Pour Resoudre la Probleme Financier. By OCTAVE HOMBERG. (In the *Revue des Deux Mondes*, March 15, May 1 and June 15.)

M. Octave Homberg, now a prominent figure in the French financial world, recently delivered a lecture on the function of the financier in the body politic. His duty is to place his experience and his knowledge at the service of the Government and of the common weal. M. Homberg preaches by example, and he brings forward ideas and champions them in articles

and also in lectures which are very largely attended. In the work which he has just published under the above title, M. Octave Homberg champions a theory of his, to the effect that the sanitation of the country's finances requires a general recasting of the French financial system, and that this operation must take place outside Parliament and be carried out by a special committee of experts to whom Parliament would delegate the necessary powers, while retaining its right of control and of final decision. In his opinion the Finance Committee of the Chamber of Deputies is unfitted for the task, because, like the Chamber itself which appoints it, it is a political institution, and all the dislocation of the French financial system, its complete disorder, and the incredible confusion in which cognate but diverse problems have become entangled—all this is the result of the persistent and fatal intrusion of politics in the realm of finance. The ideas put forward by M. Homberg are identically the same as those propounded in England by Lord Inchcape, who argued that to ensure the recovery of disordered public finances you must rely on men who are outside the game of politics.

The basis of recovery, says the author, must be the equilibrium and even something over and above the equilibrium of the Budget. According to him, the Budget of French expenditure cannot be reduced below 39 milliards of francs, the figure at which it was recently balanced. On the other hand, it would appear that the capacity of payment of taxes of the French as a whole is not yet exhausted. The revenue could be very considerably increased so as to provide a large surplus for the Budget. But this result could only be realised by recasting the whole of the fiscal system. "The present French fiscal system," says M. Homberg, "is a monster, because it magnifies its deformity almost beyond the powers of imagination. It is a monument of incoherence and injustice. The rates of taxation are wrong, the incidence of taxation is wrong, and the collection of the taxes is bad." He supplies striking examples in support of his statement, more especially in respect of the taxation of agriculture and of real estate, and with regard to the income tax. The direct taxes have been heavily increased, while the indirect taxes have not even been adjusted in accordance with the depreciation of the franc.

M. Octave Homberg opens up a lively controversy with Professor Jéze on the subject of the part that taxation should play. M. Jéze considers taxation as a political instrument, and in accordance with his conception he recently refused, as we know, although a member of the Committee of Experts, to associate himself with the decisions come to by that committee with regard to the modification of taxation. M. Homberg holds the view that the theory according to which taxation is made an instrument in the hands of the Government for revising and—why fight shy of the word?—for levelling fortunes is a theory much more akin to Communism than to the concepts of the French Revolution, which laid down the principle of the absolute respect of private property. Taxation has as its sole foundation and justification the necessity of covering public expenditure by a levy apportioned among the taxpayers on the principle of equality, naturally taking fairly into account their capacity of payment, by applying the principles of progressive rates and of exemptions in the case of the smallest taxpayers. A tax that serves as an instrument to cut down and level fortunes is really nothing more or less, in the opinion of M. Homberg, than the plundering of the minority in the interest of the majority.

P.A.

PUBLICATIONS RECEIVED.

Allgemeine Münzkunde und Geldgeschichte des Mittelalters und der Neuere Zeit. By Dr. A. Luschin von Ebengreuth. Second edition, enlarged. (Munich and Berlin: R. Oldenbourg. Price, Mk.16.)

Kommersiella Meddelanden, utgivna av Kommerskollegium. July 15, 1926. (Stockholm. Price, 75 öre; annual subscription, Kr.15.)

Münzkunde und Geldgeschichte der Einzelstaaten des Mittelalters und der Neuere Zeit. By Dr. Ferdinand Friedensburg. (Munich and Berlin: R. Oldenbourg. Price, Mk.14.)

Report on Economic Conditions in Roumania, Dated 30th March, 1926. By R. J. E. Humphreys, Commercial Secretary to His Majesty's Legation, Bucarest.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. net.)

Report on the Commercial and Industrial Situation in Hungary, Revised to April 1926. By E. C. Donaldson Rawlins, Commercial Secretary to His Majesty's Legation, Budapest.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 1s. 6d. net.)

Report on the Commercial, Industrial and Economic Situation in Italy, Dated December 1925. By J. H. Henderson, O.B.E., Commercial Counsellor, and H. C. A. Carpenter, Commercial Secretary, His Majesty's Embassy, Rome.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 3s. 6d. net.)

The Evolution of Modern Capitalism: a Study of Machine Production. By John A. Hobson, M.A. New and revised edition. (London: The Walter Scott Publishing Co., Ltd. Price, 7s. 6d. net.)

The Financial Review of Reviews. July–September 1926. (London: Investment Registry, Ltd. Price, 1s.)

The Journal of Political Economy. June 1926. (Chicago.—London: The Cambridge University Press. Price, 4s.; annual subscription, 22s., post free.)

The Sweden Year-book 1926. Edited and published with the assistance of Public Authority. (Stockholm: Almqvist & Wiksells Boktryckeri-A.-B.)

The Theory of Gratuitous Credit: an Examination of the Principles Governing the Abolition of the Time Element from Exchange. By J. C. Finlay. (Guildford: Billing and Sons, Ltd. Price, 7s. 6d.)

Valuta. Ausgewählte Lesestücke zum Studium der Politischen Oekonomie. By Karl Diehl and Paul Mombert. (Karlsruhe: G. Braun. Price, Mk.6.)

Volkswirtschaftliche Gedankenströmungen Systeme und Theorien der Gegenwart, besonders in Deutschland. By Dr. Hans Honegger, Zürich. (Karlsruhe: G. Braun. Price, Mk.3.)

Vom Reichthum der Nationen: Untersuchungen über die sogenannten Reparationsfragen und die Internationalen Verschuldungs- und Währungsprobleme. By Dr. Robert Liefmann, Professor in the University of Freiburg. (Karlsruhe: G. Braun. Price, Mk.4.20.)

Von Bethmann Hollweg bis Ebert: Erinnerungen und Bilder. By Friedrich Payer. (Frankfort-on-the-Main: Frankfurter Societäts-Druckerei G.m.b.H. Price, Mk.6.)

Wages and the State: a Comparative Study of the Problems of State Wage Regulation. By E. M. Burns, B.Sc.(Econ.) Lond., Assistant in the Department of Economics, London School of Economics. (London: P. S. King and Son, Ltd. Price, 16s. net.)

Weltwirtschaftliches Archiv: Zeitschrift des Instituts für Weltwirtschaft und Seeverkehr an der Universität Kiel. July 1926. (Jena: Gustav Fischer. Price, Rmk.20.)

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.

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EXECUTORSHIPS and TRUSTEESHIPS UNDERTAKEN

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COMPANY MEETINGS AND REPORTS.

THE ROCK INVESTMENT COMPANY, LIMITED.

LARGE BALANCE OF UNDISTRIBUTED PROFITS.

The fourteenth annual general meeting of the stockholders of the Rock Investment Company, Limited, was held at River Plate House, London, E.C., on July 20, Mr. Martin Coles Harman (the chairman of the company) presiding.

The Secretary (Mr. R. J. Harper) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Ladies and gentlemen, this is the second annual meeting of the company at which I have had the honour to preside. The report and accounts now before you indicate, I am glad to say, a further improvement in our position both as regards revenue and capital. The ordinary stockholders will remember that last year I informed them that in the interests of the debenture stockholders and the preference stockholders the Board intended to adopt a most conservative policy in regard to dividends upon the ordinary, and that at any rate until the depreciation had been completely made good, and, in addition, a really handsome reserve fund had been built up, they should not expect more than a nominal rate of 1 per cent. dividend. Thus it comes about that although we have earned in the year under review at the rate of about 23 per cent. upon our ordinary, we are paying out only one per cent., and are retaining the balance in our surplus revenue account, which is now over £35,000, or equivalent to about seven years' dividends on the preference stock. The reward of this abstinence upon the part of the ordinary stockholders should be a greatly increased asset value later on. You will have noted with pleasure that the auditors' report this year is free from any qualifications. The figures of the balance-sheet are, I think, more or less self-explanatory. For the purposes of easy reference the previous years' figures are quoted in red ink. The figures on each side of the balance-sheet show a considerable increase, but if you deduct the securities sold in advance from the investment item it will give you a fairer idea of the actual growth. The past year has been a very busy one for your directors, their associates and staff. It would have been quite impossible to have made the further progress which has been made during the past year without the whole-hearted assistance of our associates and staff, and among the latter I should particularly like to mention Mr. Harper, our secretary, who is, in my opinion, entitled to the warmest thanks of the stockholders for the thorough manner in which he has carried out his onerous duties.

THE OUTLOOK.

We are sorry to meet the shareholders to-day under two shadows, one being one of the most calamitous industrial disputes that has ever afflicted this country, and the other being the conspicuous weakness of the French exchange. The coal strike will certainly have an adverse effect upon the balance-sheets of numerous industrial companies. What its permanent effects will be upon the commercial and financial interests of this country must be left to the future to be seen. It is to be hoped that the loss will only be a temporary one, and that it will be more than made up for over a period by a better mutual understanding between the conflicting parties, and above all by a better appreciation of the economic standpoint which is so often overlooked. Unfortunately the longer the dispute lasts the more permanent are its dire results likely to be. So far as we are concerned, although we cannot hope to escape altogether its inevitable general ill-effects, we have at present no special reason to fear that our progress will be greatly retarded even if the struggle is to be still further prolonged. So far as the franc is concerned, fortunately, we have carefully avoided franc investments, so that any harm we might suffer under that head could only arise indirectly through the general disturbance which violent fluctuations in the value of the currency of such a near neighbour as France is might in certain circumstances bring about.

I now beg to move the adoption of the report and accounts, and will ask Mr. Lewin to second the motion.

Mr. D. C. Lewin seconded the motion.

Mr. Cooper said that after listening to the speech from the chair on the position of the company, he thought it would be admitted that the progress made since the control of the present board in October 1925 had been amazingly rapid. In fact, he thought that the results which had been obtained were a miracle of financial achievement. He sincerely hoped that the Board would continue their conservative financial policy.

The resolution was then put to the meeting and unanimously approved.

The Chairman then proposed that a dividend of 1 per cent. less income-tax, be paid upon the ordinary stock.

Mr. William Harman seconded the motion, which was carried.

The retiring director (Mr. Martin Coles Harman) was re-elected, and the auditors (Messrs. James Meston and Co., chartered accountants) were re-appointed.

The proceedings closed with a cordial vote of thanks to the chairman, directors and staff.

THE EAGLE OIL TRANSPORT COMPANY, LIMITED.

PAYMENT OF MAXIMUM PREFERENCE DIVIDEND.

The Fifteenth Ordinary General Meeting of the Eagle Oil Transport Company, Limited, was held on July 20 at Winchester House, Old Broad Street, E.C., the Hon. Clive Pearson, chairman of the company, presiding.

The Secretary (Mr. C. H. M. C. Wilson) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen, I presume we may take the report and accounts as read. I am pleased to be able to report that your vessels have given satisfactory service throughout the year under review. Their condition has been well maintained, and we have again been able to add to our repair reserve in consequence of the amount spent in repairs having been less than the amounts set aside for this purpose. This reserve, which has been built up to meet the cost of Lloyd's special surveys and the increased repairs which must necessarily arise as your vessels grow older, cannot be expected to show a continuous increase as in the past, and, in fact, as the heavier survey expenses come to be incurred in due course we must anticipate a gradual depletion thereof.

The freight market for tank steamers showed no improvement over the previous year and reached a very low level at the end of 1925. As a consequence, our original chartering agreement remains suspended, but since the Ordinary shareholders have again waived their right to a dividend our revenue enables us to pay the maximum dividend of 8 per cent. on our Preference shares, and for the third year in succession to write the substantial sum of £750,000 off the cost of our vessels.

THE BALANCE-SHEET.

Turning to the balance-sheet, a further £142,300 of the company's notes have been purchased and cancelled, and I would mention that it is our present intention to exercise our option of repaying on June 30 next the whole of the notes outstanding, at the stipulated price of £101 per cent.

The depreciation and sinking fund reserve stands at £4,144,934. The repair, etc., reserve now appears at £648,849. Creditors show a reduction of some £167,000, whilst cash shows an increase of some £513,000.

Since the date of the balance-sheet, as you will see by the report, we have sold the ss. San Gregorio, one of our older vessels; the price received is regarded by your directors as satisfactory.

MANAGEMENT OF THE FLEET.

You may be interested to hear that as from January 1 last we have entered into arrangements whereby our associated company—the Anglo-Mexican Petroleum Company, Limited—who are the marketers outside Mexico of the whole of the products of our charterers, have undertaken, with due safeguards to your interests, the management of your fleet. The relations between that company and ourselves have always been very close, and the arrangement has been entered into in the interests of efficiency and economy. I may say that the Petroleum Company has taken over the entire shore staff of the company, including your former manager and his technical staff, to whom our thanks are due for the efficient running of our fleet. Our thanks are also due to our staff afloat for the good services they continue to give to the company.

I beg to move: "That the report of the directors, together with the accounts of the company for the year ended December 31, 1925, be received and adopted." After that motion is seconded I shall be pleased to answer any questions that you may care to ask.

Sir Robert Waley Cohen, K.B.E., seconded the motion.

There were no questions, and the resolution was unanimously adopted without discussion.

DIVIDEND PROPOSAL.

The Chairman: I beg to move "That the payment of the dividend in respect of the year ended December 31, 1925, on 400,000 Cumulative Participating Preference shares of the company at the rate of 6 per cent. per annum, together with a final dividend of 2 per cent., making 8 per cent. for the year, be and is hereby confirmed."

Mr. A. S. Debenham seconded the resolution, and it was carried unanimously.

On the motion of the Chairman, seconded by Mr. R. P. Brousson, O.B.E., the retiring directors, Mr. Andrew Agnew, Sir Robert Waley Cohen, and Mr. Francis L. Gibbs, were re-elected directors of the company, and the auditors, Messrs. Whinney, Smith and Whinney, having been reappointed, the proceedings terminated.

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. 1920.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.
Jan. 16	367.9	296.6	1923.			Apr. 18	177.5	164.7	July 17	160.3	157.5
May 14	391.2	325.5	Jan. 12	162.8	157.0	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Feb. 16	177.2	157.5	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921.			Apr. 20	198.5	162.0	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	May 18	198.1	159.8	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
Apr. 15	202.8	204.8	June 15	190.0	159.3	Oct. 17	172.5	170.2	1926.		
July 15	194.4	194.1	July 20	177.3	156.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	1925.			Mar. 12	146.1	144.4
Dec. 30	150.0		Oct. 19	166.0	158.1	Jan. 16	174.8	171.0	April 16	148.1	143.6
1922.			Nov. 16	171.7	160.8	Feb. 13	175.2	168.9	May 21	150.2	144.9
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Mar. 13	172.8	166.3	June 18	151.7	146.5
May 19	162.1	160.6	1924.			April 17	161.9	162.5	July 9	152.0	
July 14	185.1	160.3	Jan. 18	178.6	165.4	May 15	158.7	159.0	„ 16	153.9	
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	June 19	160.6	157.6			
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4						

TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921.	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
1925.												1925.
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	Oct. 30
1926.												1926.
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	Mar. 26
June 18 ...	73.6	163.6	60.4†	121.1	83.5	109.4	89.9	127.3	105.1	77.6	101.15	June 18
July 9 ...	77.8	165.7	60.4†	120.2	82.1	100.0	95.7	130.4	101.5	79.4	101.32	July 9
„ 16 ...	80.0	167.9	60.4†	123.7	86.3	100.0	97.1	132.0	100.0	78.8	102.62	„ 16

† 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.				IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending	Indus- trials.	Bonds.*		Indus- trials.	Gilt edged.	Week ending	Indus- trials.	Bonds.*	Indus- trials.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7	1925, Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6	„ 17	151.8	101.9	137.8	117.5
Aug. 20	80.3	90.4		105.4	93.3	June 6	158.2	105.3	128.0	115.3
Oct. 29	91.1	92.0		<i>91.1</i>	94.4	„ 27	160.0	104.7	123.7	<i>113.0</i>
1922, Jan. 1	100.0	100.0		100.0	100.0	July 18	165.9	103.2	<i>120.4</i>	115.5
May 13	114.6	102.4		114.9	117.9	Aug. 1	165.8	<i>101.5</i>	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	<i>111.7</i>	Dec. 19	188.9	103.3	130.6	112.8
1923, Jan. 1	121.7	102.5		119.5	113.3	1926, Jan. 2	195.5	103.6	133.3	113.0
Mar. 17	129.2	98.5		129.3	117.0	„ 9	196.1	103.6	135.1	113.1
„ 24	127.3	<i>97.8</i>		129.0	118.1	Feb. 13	199.9	104.9	132.0	114.8
Apr. 28	124.1	99.3		137.9	122.8	Apr. 17	168.7	106.9	121.8	113.3
June 9	119.7	100.8		130.6	123.5	May 1	176.8	107.6	122.6	114.7
Oct. 27	<i>105.7</i>	99.7		126.5	119.7	„ 8	172.9	107.2	119.5	112.5
1924, Jan. 1	117.4	98.4		121.3	114.5	June 25	185.8	106.9	125.8	113.7
„ 19	119.1	100.1		119.1	<i>112.2</i>	July 3	190.1	106.4	125.0	113.7
June 21	115.3	103.3		<i>118.2</i>	118.0	„ 10	191.2	106.4	124.8	113.7
Nov. 8	130.1	103.7		133.7	120.4	„ 17	195.8	106.1	122.7	113.5

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

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