

# THE ECONOMIC REVIEW

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## COMMENTS

Two events of the greatest political importance have recently taken place in Russia, the death of Dzershinsky and the disgrace of Zinovieff. Of all the Bolshevik leaders these two were perhaps the most loathsome and sinister, and their simultaneous disappearance from the councils of the Communist party will be met with a sigh of relief throughout the civilised world. Both of them were unpopular within the ranks of their own party. But while Dzershinsky—the most cruel and inhuman figure in history since Torquemada—was at least credited with being personally honest and non-yielding to any kind of bribery or corruption in any shape or form, Zinovieff thoroughly deserved his nickname *Grishka*, “the thief.” The Bolsheviks will have considerable difficulty in finding suitable successors for the responsible positions that have now become vacant.

THERE is nothing surprising in the troubles at present facing the Bolshevik Party in Russia. It is well known that ever since Lenin's death the party was torn by dissensions and personal rivalries and jealousies which were bound to come to a head sooner or later. The present events disclose the striking fact that within the “united” party, with its “iron” discipline, there were two internal oppositions, that of Medviedeff's and that of Zinovieff's group. The former openly criticised the Soviet policy in its entirety, analysed its very foundations and maintained that these foundations, viz. the nationalisation of industry, the foreign trade monopoly, the Comintern and the Profintern must be unreservedly abandoned. The other, Zinovieff's opposition, utterly disregarded the decision to maintain the unity of the party and proceeded by means of intrigue and ruse to organise a party of its own within the Communist party. It is difficult to say what the Zinovieff group really wanted, but they were criticising with great vigour the Stalin-Bukharin policy of clinging to power at the cost of their principles and demanded a return to the “October” policy, i.e. integral communism. The truth of the matter is that all three groups, that of Stalin, that of Medviedeff, and even that of Zinovieff, are voluntarily or involuntarily achieving the gradual liquidation of Communist dictatorship in Russia. Everything seems to indicate that the people of Russia are growing stronger and the Communist Party is growing weaker. It will take a long time, however, before the desired adjustment really comes.

As we anticipated in our last week's issue, M. Herriot's Cabinet was extremely short-lived, and has been succeeded by a curious combination of politicians headed by M. Poincaré. The effect of this change immediately proved most beneficial to the franc, which on M. Herriot's accession to power had attained the new low “record” of 245 to the pound and which at the moment of going to press has gone back to 203½ (after touching 187 on July 26). It is a welcome sign that the new Cabinet obtained a considerable majority on its first meeting with the Chamber, but the Ministry

of National Union is by no means popular and its declaration is somewhat disappointing. No one will doubt the great patriotism of M. Poincaré and his colleagues; and it is comforting to see former political enemies making a joint endeavour to save their country. But M. Poincaré's knowledge of finance is doubtful and his ability to carry out the programme of financial restoration and of the rehabilitation of the franc has yet to be proved. The declarations that have been made so far are both too vague and too dogmatic, and while there may be a great sentimental appeal in them, events in the very near future will show to what extent the new schemes are practicable and whether they can be realised.

THE Belgian Government are enforcing the following regulations for the control of dealings in Foreign Exchange. Banks and Exchange dealers are bound in future to require their customers to furnish with their orders for foreign currency, not only the invoice of the original purchase, but also the document with official stamps certifying the payment of the transmission tax payable on all imported merchandise or goods on entry into Belgium. The order must contain the date of this document, the date of the invoice, and the name and domicile of the foreign exporter in addition to a description of the merchandise or goods imported. If it be found impossible to furnish the required information at the date on which the importer of merchandise desires to fix the rate of exchange to be paid subsequently, the order for foreign currency must at least indicate the name of the foreign exporter, the nature and quantity of the merchandise or goods bought, and the date at which payment for these is due. The foreign currency thus put aside will not be delivered to the customer at the expiry of the credit term, unless the importer shall have previously furnished the required documents and unless these tally with the order for foreign currency. Banks are only permitted to hand over any foreign exchange to those firms or individuals who have made a declaration in writing stating on their honour that they are not in possession of any foreign currency either in Belgium or abroad. Bills on Belgium in Belgian currency cannot be used in any exchange transaction. The debt may, however, be reckoned in francs at the rate of exchange on the day of payment. Exceptions to this regulation will be made in the case of freights and marine insurance premiums. All forward transactions the object of which is to place francs at the disposal of foreigners are strictly prohibited. Except by special authorisation, no loan or credit in Belgian francs may be arranged in favour of foreigners. The purchase abroad of foreign securities remains forbidden except for the purpose of re-employing sums realised by the sale of other foreign securities. Securities thus purchased must be deposited in Belgium within three months. The counter-value of all securities sold abroad which is not employed in the manner specified above must be remitted to Belgium within thirty days.



THE German negotiations now under way for the conclusion of various commercial treaties are reported to be progressing very satisfactorily and have led to a definite agreement as regards trade relations between Germany and Switzerland. This new commercial treaty will, in all probability, come into force on January 1, 1927, and, in the first instance, has been concluded for one year. On both sides, facilities have been granted as regards Customs tariffs, taking into consideration the peculiarities of the respective industries. It is anticipated that this new arrangement will strengthen commercial intercourse between the two countries, and in it particular attention has been paid to the very close relations already existing between the industries of Southern Germany and Switzerland. The negotiations for a provisional agreement between Germany and Finland were successfully concluded a short while since. This agreement was reached on the basis of most favoured nation treatment, and in it the Customs tariff has been revised for a large number of German and Finnish products. The Lettish-German treaty of commerce has also been signed, and negotiations with Japan are reported to be making satisfactory progress. An agreement here may soon be expected, although an understanding on imports of dyestuffs, one of the most difficult questions to be solved, has not been reached at the time of writing.

INDUSTRIAL activity in Germany is, at the moment, marked by rather heavy fluctuations in the numbers of unemployed. These are taken to reflect the unsettled state of production which now prevails. Most industries are only engaging new hands in so far as current orders permit. Business is reported to have revived in the textile industry, but the number of hands taken on is not large. The flax and linen industries, which have been passing through particularly difficult times, have recently been granted credits to the amount of about Rmk.4½ million; these are guaranteed by the Reich. In order to combat unemployment, relief work is contemplated by the German Railway Company, and in other spheres also work will be undertaken on a large scale with a view to affording relief to the labour market before the winter months commence. A plan is now being considered which will procure the necessary funds for that purpose by means of a loan to be issued by the Reich.

SATISFACTION is felt in Dublin business circles at the decision of the Free State Government to sell the National Land Bank of Ireland. The Land Bank was formed in 1919, with a nominal share capital of £406,000, as a part of the Sinn Fein policy. The leaders of the movement feared that the fight against the British Government might culminate in a land war, and the Bank was established in order to finance land purchase throughout the country. The Bank soon began to receive deposits, but as it was outside the Association of the Irish Joint Stock Banks the public placed little confidence in it, and the necessary support was not forthcoming. Various attempts were made to place the Land Bank on a sound footing, but the lack of capital and tradition impaired its chances of success, and when the Free State Banking Commission was appointed it became clear that the Land Bank must either disappear or become the sole agent of the Government. In an interim report the banking commission recommended that it should be sold or liquidated, and as the Bank of Ireland offered to buy it for the amount of its paid-up capital the Government decided to sell. The Bank of Ireland now becomes the sole financial agent of the Free State Government.

AT a sitting of the Committee on Industry and Trade held at the Board of Trade, Professor A. L. Bowley,

Professor of Statistics in London University, gave evidence on the size and age distribution of the population of Great Britain, so far as it could be forecast up to 1941. His conclusions were: (1) That the Labour force will increase slowly in numbers for some time, very slowly if emigration is considerable; (2) that the number of dependants per worker will not increase, but young dependants will be replaced by old; (3) that the male labour force will contain an increasing proportion of the middle-aged and elderly; (4) that the number of young women available for employment is diminishing slowly; and (5) that the number of young recruits to industry will very soon decrease rapidly, and by 1930 will be no greater per annum than in 1911. Referring to the wider question of economic forecasting, Prof. Bowley pointed out that the Harvard Committee on Economic Research, after much detailed study of pre-war cycles, selected three series, the movements of which were found to be related in a regular way. The movements of the first, representing speculation, preceded those of the second, representing business, by about six months; while the second similarly forecast the third, representing money rates, and the cycle was completed by the third forecasting the first. The Harvard service, which was started in 1919, was extraordinarily successful in its opening forecasts. From the end of 1919 and all through the early part of 1920 it gave clear and emphatic warnings of the approaching collapse of the post-war boom and it accurately predicted the various changes of 1921 and 1922. The successful analysis of business conditions was only broken in 1923, when the service failed to foresee the recession in the latter half of 1923. Its later forecasts had a large degree of accuracy, though the earlier prophecies for 1925 were too conservative and failed to indicate the boom in that year.

SOME more very interesting evidence was tendered before the Committee by Sir Ernest Benn. In the course of his evidence he submitted that the chief difference between this country and America was psychological. England was as well or better provided with scientific or mechanical knowledge and equipment, but the prevailing social and political ideas differed so widely as to produce totally different industrial and commercial conditions. To achieve industrial supremacy this country needed to import nothing from America except her point of view—i.e. the will to work, the acceptance of machinery, enthusiasm for production, the belief in private property, service and the supremacy of the consumer, and stability arising from freedom from legislation affecting production. On the subject of the functions of the State in regard to industry and trade, Sir Ernest advocated a complete reversal of the policy of the last fifty years, and a return to *laissez faire*. The habit of relying on the State had weakened individual initiative and reduced the volume of trade, thus producing a low standard of living. Those trades where Government interference was most active went from bad to worse. Those industries which were left to function freely never failed to achieve greater prosperity, and Government expenditure induced the opposite of the desired result. With regard to the burden of taxation, he believed that there were two related but distinct ideas at the back of our taxation—(1) the belief that the State could make good use of the money; and (2) the desire to punish success. Sir Ernest said that public expenditure was now at an exceedingly high level and he maintained that public bodies were necessarily the most inefficient and expensive agencies for performing any given function, that taxation turned capital into income, thus committing the worst of financial crimes, that taxation at the current rates was in many cases no longer a tax on profits or income, but an addition to cost, thus adding to the price of commodities, and that the exigencies of taxation led to unsound private and business finance.



## SPECIAL ARTICLES

### INTERNATIONAL MOVEMENTS OF CAPITAL.

By Professor GUSTAV CASSEL.

In our issue of May 21 we reproduced from the Quarterly Report issued by the Statistical Department of the Skandinaviska Kreditaktiebolag an article in which Professor Gustav Cassel endeavoured to analyse the fundamental elements in the movements of capital, so far as relates to the transfer of capital within the same country. This study, he points out in the current issue of that periodical, needs to be supplemented by an analysis of the essential elements in the movements of capital between different countries.

The characteristic feature in such movements, writes the learned Professor, is that they involve a transfer of capital from one currency to another and are closely interconnected with the balance of international trade. If movements of capital between different countries are excluded, equilibrium, as we know, can be attained only at a rate of exchange which corresponds to the purchasing power parity between the currencies. Thus in studying international movements of capital it will be first necessary to make it clear how this normal equilibrium is brought about.

Let us imagine two countries A and B, each having an independent paper currency, and let us suppose that these paper currencies by a judicious banking policy are so regulated that the level of prices in each of the countries remains constant. In that case the volume of the trade that can be carried on between the countries will manifestly depend on the rate of exchange between them. Taking the rate of exchange to be the quotation of currency A in terms of currency B, it is evident that a very low rate of exchange must greatly handicap export from B to A, and at the same time facilitate export from A to B. Country A is then bound to have a positive balance of trade. On the other hand, if the rate of exchange is very high, A must show a deficit in its balance of trade. Equilibrium in the international balance of trade can evidently only be reached at a rate of exchange which will enable A to sell as much to B as B to A. This rate of exchange is the purchasing-power parity. In case the two countries have a richly developed production and are in active commercial relations with one another, this rate of exchange will possess a high degree of stability. For any change in the rate of exchange will give the one country new facilities for export and at the same time stand in the way of previously existing possibilities of import, whilst the effect on the other country will of course be the reverse. These changes will dislocate the balance in such a way that powerful forces will be set in motion to restore the rate of exchange to its equilibrium.

It is assumed in the above that no loans are granted, but that imports are always paid by corresponding exports. The question then arises: How will the grant of loans affect the equilibrium? This is in fact the cardinal point in the problem of the international transfer of capital. The answer is that a real transfer of capital will not affect the equilibrium of the rate of exchange, which will continue to be determined by the purchasing-power parity.

In order to make this clear, it will be useful first to examine a very simple case. Let us suppose that country A grants a loan to country B, and that for this money B at the same time purchases a ship from A. Such a transaction is, of course, quite outside normal commercial relations, and will not in any way affect the balance of trade or the rate of exchange between the countries. B now has indeed an excess of imports, but this excess is paid by the loan granted by A to B and therefore will not affect the balance of trade. A in turn has, it is true, placed a sum in its currency at the disposal of B, but this supply of exchange is immediately used for the purchase of the vessel, and thus will not in any way affect the exchange market. The transfer of capital

which consists in A granting a loan to B is completed in this case by A at the same time transferring to B "real" capital of corresponding value. This is a typical instance of the transfer of capital in the proper sense.

Let us imagine that B issues a bond loan and "exports" bonds to a value corresponding to the amount of the loan. If these securities are included in the balance of trade in the same way as goods, it may be said that B continues to export to A as much as it imports from B. The condition for equilibrium will then be, formally speaking, the same as it was when the transfer of capital was excluded.

The problem of the transfer of capital may, however, be far more complex. Let us suppose that country B desires to build a railway and for that purpose raises a loan in country A. If the loan is used for the purchase of railway engines from A, the result will be quite the same as in the preceding case. But the borrowers may spend the money in the country, e.g. for the actual construction of the railway. In that case materials and labour will be withdrawn from other uses. Let it be assumed that the country would otherwise have exported these materials and that the labour would have found employment in some export industry. In that case the construction of the railway leads to a reduction in the export from the country, and thus to a deficit in the balance of trade. This deficit, however, is covered by the loan, and equilibrium is restored. The transfer of capital in this case has served to pay for that part of the normal exports from A which B cannot pay with its reduced exports. The "real" aspect of the transfer of capital is thus a transfer of goods, consisting of a certain part of the usual exports from country A to country B. The construction of the railway, however, may lead to a reduction in the production of B for domestic purposes. If, for example, workers are withdrawn from agriculture to employment on the construction of the railway, the production of cereals in country B will be diminished, and B will be obliged to import cereals from A. The transfer of capital from A to B then serves to pay for this new importation. In all circumstances the rates of exchange will remain at their normal equilibrium; and the balance of trade will also retain its equilibrium, if the "export" of bonds from B is included in the balance.

It will be seen from these examples that the transfer of capital is always counterbalanced by an export of goods to the same value. Goods may, of course, be replaced by services, such as freightage, the services of banks and insurance companies, etc. The export of the actual goods may also be replaced by people from country B going over to country A to consume goods and services there. But in all cases the transfer of capital must be supplemented by some kind of transfer of utilities from A to B. The transfer of capital in the *abstract*, which seems to be the basis of so many of the prevalent views on questions of commercial policy, is a sheer impossibility. True that A can simply grant a loan to B, but B cannot transfer the money to itself except by an import of utilities. This, of course, does not prevent a private borrower in country B transferring to B and converting into its currency money borrowed in A, without at the same time importing any goods from A. But he may sell the A currency thus acquired to others, who will then either use it for the import of goods, or may simply leave the currency in country A as a more or less permanent investment of capital. In the former case the necessary transfer of goods from A to B has been effected. In the latter case the borrowed money has really been left in A, and there has been no transfer of capital from A to B.

It is, of course, also conceivable that B may raise what may be called a "loan of consumption" in A. The result may then be a corresponding increase in the import of goods of consumption from A into B. The previously existing equilibrium in the balance of trade



and in the rate of exchange is not affected in this case either.

It may, however, happen, as sometimes occurs, that a large loan will place so much A currency at the disposal of borrowers in B that the borrowers will not immediately be able to sell all this A currency without pressing down the rate of exchange for the A currency. In such circumstances some lowering of the rate of exchange is possible, but this fall will be merely of an incidental character and will last only so long as the temporary surplus of currency A has not found an outlet. In this case also we see that the fall of the rate of exchange is not due to the actual transfer of capital, but to the difficulties which stand in the way of a transfer of capital. As above indicated, there are two different ways in which it is possible to dispose of currency A: either for the import of utilities from A, or else for a more or less transitory investment of capital in A. Both these uses will be stimulated by an incidental fall of the rate of exchange. Such a fall of the rate of exchange will in particular lead to the intervention of speculators, who, anticipating a profit on the restoration of the currency to its normal value, find it to their advantage to leave their holding of A currency in country A, whether in a bank or in some other form. If the borrowers are unable to find buyers for their A currency at an acceptable price, they will be obliged for the present to keep it themselves in country A. In that case the temporary fall in the rate of exchange for currency A has led to a shrinkage in the offers of that currency.

A common reason for temporary changes in the rates of exchange between two countries is the difference in their discount rates or in their general level of interest. Such differences, as we know, are apt to lead to temporary transfers of capital, and the tendency to such transfers, as pointed out above, may bring about a reaction in the form of pressure on the rate of exchange. The change in the rate of exchange thus brought about will obviously handicap to some extent the transfer of capital. Even if an abnormally low rate of exchange does not prevent an individual holder of a foreign currency from selling, such a rate will always be an inducement to others to buy and to leave the currency in the foreign country, with the result that a real transfer of capital is postponed. In so far as a transfer of capital actually takes place, it must always be counterbalanced by an export of real utilities, which possibly may take the form of the export of gold. A transfer of capital in the abstract is quite as impossible in these short transactions as it is in those of a more permanent character.

These simple reflections on the nature of the transfer of capital have an important bearing on one of the most burning problems in the present situation of the world, the problem of the payment of war debts and of the indemnity. The movements of capital involved in the payment of such debts cannot take place in the abstract any more than other movements of capital, but must be based on the concrete foundation of the transfer of goods or services. Ever since the Brussels Conference in 1920 this truth has been proclaimed by sound-minded economists from all over the world, but apparently it has as yet by no means penetrated into the minds of those concerned with the political treatment of the problem of payment. The creditor countries are still endeavouring by various protectionist measures to guard their markets against the transfer of goods which is necessarily involved in the payment of war debts, and any efforts on the part of the debtor countries to increase their exports, for example by a longer working day or lower wages, are still viewed with suspicion. A real solution of the problem of payment evidently cannot be expected until the world in general has acquired an insight into the true nature of the problem.

Under the Dawes scheme, the problem of the German indemnity has been divided into a problem of internal payments and a problem of transfer. The latter task

has been entrusted to a specially appointed authority, whose function is to carry out the necessary transfer of capital without dislocating the rate of exchange for the Germany currency. Now this signifies that the transfer of capital—so far as it is not compensated by foreign investments of capital in Germany—must be supplemented by the export of "real" utilities from Germany. The principal difficulty in the so-called "transfer problem" is to prepare the way for this export. The way in which this problem has been tackled in the Dawes scheme has greatly conduced to throw light upon the true significance of international payments of war debts in general. It still, however, remains to be made clear what is required from the recipients in the way of willingness to receive "real" utilities and display such adaptability in economic matters as will be necessary if the payments are to be of any real benefit to them.

If the payments of the war debts are carried out with the aid of "real" exports, they should not, as has been shown above, have any effect on the rates of exchange between the countries. In order that equilibrium may be maintained in foreign trade in general, the rates of exchange must always be kept at the purchasing-power parity. The latter in turn should be kept unchanged in all the countries concerned by a banking policy which aims at upholding a stable currency. Thus the payments should not in any way dislocate the rates of exchange, nor will stable rates of exchange be any impediment to the execution of a payment which is in itself possible.

## THE ECONOMIC CRISIS IN RUMANIA.

By AUGUST EM. DORWAGEN.

Owing to the acute distress prevailing in Rumania—a land so bountifully blessed by nature—the Liberal party, which had brought an economic catastrophe upon the country, was obliged to resign and give place to another in order that the entire economic system might be placed on a sound footing. Now that the elections incident to the new government are over, serious attention is being directed to the means by which the desired rehabilitation can be carried out. At present a comprehensive examination of this question in all its aspects, and anxiety as to the immediate future, engage the public mind.

As regards stabilisation of the currency, apart from the other factors with which the deciding word rests, hopes are very generally fixed, in certain circles, upon the coming harvest and the country's as yet unexploited mineral wealth, as a result of which the Rumanian Leu may once more rise to gold parity and everyone who now owns paper Lei will miraculously become the possessor of their equivalent in gold overnight. It is permissible, on the one hand, to credit these circles with this sort of simplicity, inasmuch as they are constantly asking themselves: How could a country which was on the winning side in the war, and which is also so generously favoured by nature, possibly be overtaken by such a catastrophe? On the other hand, those who own paper Lei wish to be benefited to the detriment of the working sections of the population who possess gold values, such as agricultural products. This pious wish, however, goes further, for it is desired to utilise agricultural products—that is the gold values—for a revaluation of the paper Lei, whereby the producers are merely to have the advantage of having sweated patriotically, while the Liberal National Bank and the few owners of paper Lei are enabled to do further business. It is forgotten, however, that since the peace no attention has been given to the organisation of industry.

The principal concern is only money, that is to say, merely the measure of natural commodities; as if merely by stabilising the currency the entire economic position would become sound, so that very little else need be thought about. It is, however, just this "else"—namely the economic factors constituting the true



values in an economic system—that is the principal element without which no stabilisation on a sound basis can be brought about.

First and foremost, attention must be paid to adequate transport facilities, which are lacking in Rumania, in order that the products may be marketed, for it is only by means of continuous exportation and the consequent employment of all the labour in the country, that the economic situation can be improved. Before the war Rumania was, and is still to-day, to be regarded as an agricultural country, and, this being so, the utmost attention must be paid to increasing her agricultural production.

The agrarian policy pursued after the war led to the expropriation of the large landowners and the distribution of their estates among the peasants, who are unfamiliar with intensive culture. Among many other mistakes, the land was not distributed according to the labour power of each peasant family, nor was sufficiently careful consideration paid to the amount of land previously owned by the family. Land was also given to families who had never before had anything to do with the plough, while other sturdy young peasants got none. The result was that notwithstanding the new territories acquired, which were dealt with in a similar fashion, production declined both quantitatively and qualitatively. And in this there is nothing surprising, for those who had received land were free to deal with it and cultivate it as they pleased.

In the years immediately before the war agricultural production was satisfactory and was even rapidly increasing, for the large landowner possessed the means and the knowledge which enabled him to manage his estate scientifically. The peasant, who previously had to be directed, suddenly found himself supplied with land in abundance, and thus was placed in his hands the greatest economic problem of Rumania—that of cultivating her land intensively, without direction, without machinery, without knowledge, and without any serious organisation. The agricultural organisations now existing in the country are of service neither to the peasant nor the public, for they pursue their own personal interests and are therefore without any moral power. As was only to be expected, the people referred to, being without the least idea of agriculture, have either sold the land they received or leased it for such lengthy periods that the lease is equivalent to a sale. In this way these lands have in general passed into other hands, so that the beginning of land-proprietorship on a large scale is once more to be seen.

Without much searching, the cause of Rumania's economic crisis is to be found in agriculture, and a solution suitable to the existing conditions will also not be difficult to discover, provided that good will—the necessity for political morality being first presumed—is also forthcoming.

A solution would, however, only be possible if in the first place the distribution of the estates were investigated, and land were allocated to each individual peasant only according to his powers of cultivation, and if those who do not themselves cultivate their land, or have leased or sold it, simply had it taken from them again, thereby enabling justice to be done to such peasants as have received no land in the distribution. "What the King desires should be accomplished, namely that the land shall belong to him who himself works it."

This promise of the King ought to and must be kept. It must be fulfilled with the utmost jealousy, and those who do not work the land they have received with their own hands must therefore be made to restore it. There would no longer be any cause for discontent, for justice would have been done.

In order that such persons who, while living in the towns or villages, are small landowners may not be deprived of the advantages accruing to them from the partition of the estates, building sites might be allocated among them in various suburbs, and this not merely

in favour of certain officials, as has hitherto been the practice, but more generally.

In conjunction with these steps a suitable organisation would at the same time have to be planned, and this would have to be designed for the purpose of combining the 13½ million peasants at present in existence into a serious moral union for a common aim. This union would be subject to general regulations, while the individual territorial divisions, districts and sub-districts, down to the individual village districts, would, in their turn, be subject to other provisions in view of the different factors which must be considered locally from an economic standpoint, as well as the varying local customs. In other words, the place of the former large landowner must be taken by the activities of the union, whose task it must be to carry out the common work according to locality and labour capacity either in larger or smaller groups, to determine the system of cultivation on a technical and scientific basis, to undertake the supervision and responsibility for all work done, to see to the proper selection of seed in order to obtain products of the best quality, to erect storage facilities systematically and to distribute the proceeds in common.

The people's banks now existing might be included in this organisation for the purpose of financing local requirements, and they might also serve as savings banks. The agricultural councils now in existence should also be absorbed in this organisation, and every separate village should be fully equipped with the organisation and the competent authorities requisite to furnish the moral driving force which is absolutely necessary for success.

In this great organisation the requisite workshops, as well as the machinery and utensils necessary for every village, should also be provided for. Although the soil is naturally very productive by nature, manuring must not be neglected. Since the war no attention has been given to systematic cultivation and the rotation of crops has been either wholly or partially disregarded, with the result that the soil is now so impoverished that in this respect also much lost ground has to be recovered.

With such an organisation serious attention can also be given to the establishment of factories for the necessary fertilisers, by means of which the production could at least be trebled as compared with what it is to-day.

With an organisation of this kind, moreover, it will be possible to procure foreign capital, for it is a productive enterprise that is concerned. The Rumanian State has for some years taken the utmost pains to procure foreign capital, but every foreign capitalist is generally curious to know what is actually to be done with the money which it is proposed he should lend—for what particular purpose it is to be employed. Moreover, he wishes to have explicit security with regard to it, for no one is inclined to give money for unproductive objects, being apprehensive—particularly in these days—that he may never see his money again except, at some remote period, with great difficulty and loss. Such capitalists want some means of ensuring that their money shall be employed for the objects indicated to them, and they wish also to have an interest in such undertakings. In the latter case, however, the economic laws at present existing in Rumania would have to be modified accordingly.

Foreign capital is to-day greatly desired in Rumania, and yet the law is such that only Rumanians can have its control. But no foreign capitalist will allow people to use his money unless he has a right of representation and some say in the enterprise in question. The mere promise of the State is no longer sufficient for the foreign capitalist; but when an organisation such as that described comes into existence, he then knows very well that he has invested his money for an assured productive purpose and can also prove helpful with his counsel, with the result that he ultimately contributes to the improvement of the whole economic situation.



A large association of this kind may also be combined with the supply of all the requisite machinery and utensils, so that these may be procured at cheap prices, the numerous middlemen, who merely increase the price of goods, being eliminated. Such an organisation can also be extended so as to be responsible for completing the railway rolling stock and extending the railway system, for regulating the rivers and rendering them navigable, and for effecting the necessary improvements in regard to the technical promotion of agriculture. Such an association could prove of service in the technical education of the rural population by the development of people's schools and continuation schools and the establishment of adequate schools of forestry and agriculture.

If, without such a comprehensive productive organisation, a loan should be projected—even in the form of a State loan, under which the State alone would have the distribution of the money—every capitalist has already found by experience that the peasant, once he has received a certain sum, and without being subject to such an organisation, first of all thinks of having a particularly good breakfast, and as for what time may bring forth later—that he will wait and see. It is not in this way that the idea of increasing production will be realised.

On the other hand, the foreign capitalist looks to see how money is used in the country, and if he comes to the conviction that in a year of the direst distress, when

the country has been struggling with an adverse balance for years, a considerable amount is nevertheless consumed in articles of luxury, he may conclude with accuracy that it is impossible to talk of the existence of a serious economic policy; and if, in spite of this, he gives his money, he will exact guarantees and ensure that it is really employed for productive purposes.

Moreover, it is no good service to the community if the Customs duties are raised prohibitively under the pretext that home industries must be protected; for the goods are not by any means passed on to the consumer with a modest profit. The duties rather give occasion for the increase of prices to their highest limit, the consumer being the sufferer.

In this way agriculture, which is the principal economic factor in the country, is prejudiced in favour of industry, and this must inevitably result in economic disease. Rather is it necessary that industrial prices should be brought into harmonious relation with the prices of agricultural products, for only by this means can the consumption of home productions be ensured. A Rumanian national industry can be built up only on a sound agricultural system, for only a prosperous agricultural population is capable of furnishing the necessary number of consumers.

Starting from such a solid and sound basis as has been described the whole economic crisis can be got rid of, and Rumania can be given that economic position in the world which she is so well qualified to occupy.

## 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.]

### DENMARK

**Economic and Trade Conditions in June.**—The National Bank of Copenhagen and the State Statistical Department supply the following information on economic and industrial conditions in Denmark during June.

The gold value of the Danish krone again appreciated, the dollar rate declining at the beginning of the month from Kr.3.80 to Kr.3.78, and this rate of exchange was stable throughout the month. The average of the exchange quotations was therefore lower in June, viz. for sterling 18.36 in June as against 18.54 in May, and for dollar 3.78 in June as against 3.82 in May, corresponding to a gold value of 98.6 and 97.6 gold öre respectively.

The National Bank on June 23 lowered the bank rate from 5½ per cent. to 5 per cent. This reduction, however, does not indicate that the Bank intends to grant credits to a larger extent than hitherto, and the loans granted have decreased during the last month by Kr.28 mill. On the whole the development as far as banking activities are concerned seems to have proceeded along the same lines in June as during the preceding months; the loans of the three principal private banks have decreased to the extent of Kr.18 mill. and the deposits to the extent of Kr.20 mill.

The decrease of the deposits is mainly on current accounts and is chiefly due to the fact that foreign money which had been invested in kroner was withdrawn during June. For this reason and on account of the decrease in the debt to foreign countries in foreign currency the total foreign net debt decreased during the month to the extent of Kr.20 mill.

The amount of currency notes has remained almost unaltered since the end of May, viz. Kr.401.0 mill. at the end of June as against Kr.400.1 mill. at the end of the previous month.

The turnover in shares and stocks on the Copenhagen Stock Exchange was still small, but somewhat larger

than during the previous few months, the average weekly turnover being for shares Kr.1.4 mill. and for bonds Kr.3.0 mill., as against Kr.1.0 and Kr.2.0 mill. respectively in May.

In the index number for Stock Exchange quotations in June there was a decline both in shares and in bonds, the index number for shares being 85.9 (in May 87.7) and for bonds 85.2 (in May 85.4), taking 100 as the index number at July 1, 1914.

The wholesale price index number of the Statistical Department decreased one point and is now 157. There has been a decrease especially in the prices of feeding-stuffs, paper and textile goods, while the prices for fuel were on the up grade.

The trade balance for May again shows a very favourable relation between imports and exports, the former amounting to Kr.128 mill. and the latter to Kr.131 mill., thus providing an export surplus of Kr.3 mill. In May 1925 there was an import surplus of Kr.14 mill. due to the labour trouble. The period January to May shows an import surplus of only Kr.12 mill. as compared with one of Kr.55 mill. for the corresponding period of last year.

Agricultural exports of butter and bacon were greater than in May, while exports of eggs and meat were smaller than during the preceding months; the export of butter in particular was great. The average weekly export of butter was 29,063 hkg. (in May 27,396 hkg.), of eggs 784,600 score (in May 933,100 score), of bacon 35,465 hkg. (in May 30,518 hkg.), and of meat and cattle 11,927 hkg. (in May 14,308 hkg.). The prices for exported agricultural produce, with the exception of bacon, were higher than in May. The average official weekly quotations were—for butter, Kr.297 per 100 kg. (in May Kr.293); for eggs, Kr.1.26 per kg. (in May Kr.1.12); for bacon, Kr.1.90 per kg. (in May Kr.1.92); and for meat, 59 öre per kg. live weight (in May 58 öre).

Unemployment was worse than in the corresponding month of last year, the percentage for June being 16.3 as against 9.1 per cent. in June 1925. In the industrial



trades the percentage was 18.0 as compared with 9.6 last year.

The State revenue from Excise and Customs in June was Kr.12.7 mill., of which Kr.4.0 mill. was derived from Customs duties. In June 1925 the corresponding figures were Kr.13.4 and Kr.3.6 mill.

## FRANCE

### POLITICAL AND FINANCIAL

**The New Government.**—The Herriot Government, which succeeded to the Briand-Caillaux Cabinet, proved short-lived, and M. Poincaré is now Prime Minister in a new combination. The new Government includes representatives of the Right as well as of the Left, and it is thought to be a Government of "National union." It is very difficult to say what will be its financial programme. The views different members of it used to hold were almost always opposed to one another; therefore a compromise will have to be reached in order to realise a common programme. Nothing of the nature of this compromise is yet known, but the papers think that the Experts' conclusions will supply many of its ingredients. It may be observed, however, that the Left as well as the Right members of the new Government (M. Poincaré himself included) did not agree with these conclusions so far as the questions of the debt settlement and of foreign credits are concerned. They have repeatedly declared they are not in favour of ratification of the Washington agreement without the "safeguard" clause. Moreover, most of them think France must try to work out her own salvation without taking over a fresh burden of foreign debt.

**The Situation of the Treasury.**—The position of the Treasury in connection with the political troubles of the last few days was very dangerous. The advances to the Government made by the Bank of France reached on July 15 Fr.37,800 million, the legal limit being Fr.38,500 million. The political changes gave rise to some anxiety among the holders of Treasury bills, and they asked for repayment of their bills, thus compelling the Treasury to borrow once more from the Bank of France. This together with ordinary expenditure explains why a week later, on July 22, the advances of the Bank to the Government reached Fr.38,350 million.

M. de Monzie, who was Minister of Finance for thirty-six hours, just had time to carry through Parliament a Bill permitting the Government to sell to the Bank of France the remainder of the so-called Morgan Fund. According to the Reporter General of the Finance Committee of the Senate, \$56 million of this fund have been utilised for the defence of the franc and could not be repurchased. The yield of the dollars thus sold on the market covered a part of Government expenditure at the end of the half-year. Now the Bank of France will buy the remainder (\$33 million) and thus supply the Government with fresh means (some Fr.1,200 million). But the right of issue of the Bank is legally limited to Fr.38,500 million; the new Bill empowers the Bank to exceed this amount to the extent of the sum obtained by the Government for its dollars, in order that this purchase should not be made for the account and to the prejudice of credits to be allowed to industry and commerce.

## INDUSTRY

### Coal Output in the Devastated Areas in June.—

The situation on the coal market brought about by the British coal strike stimulated home production, especially in the Northern mines. The output of coal in the devastated areas in June shows a further considerable increase:—

	June.	Difference as compared with May.
Coal ... ..	2,783,949 tons	+ 354,265 tons
Briquettes ...	218,708	+ 23,552 ..
Coke ... ..	239,467 ..	4,889 ..

Another important point is that the daily output of the devastated mines also shows further progress. The average daily output in 1913 was 91,296 tons; in January 1926 it was 102,625 tons, rising in March to 103,798 tons, in May to 105,638 tons, and in June to 107,079 tons. The June figures constitute a new record, representing 117 per cent. of the pre-war rate.

### The Mechanical Industries and Foreign Competition.

—As the Ministry of Commerce and Industry is now working at the revision of the Customs tariff, the Federation of Mechanical Industries has produced a very interesting report with regard to its proposals for the establishment of a new tariff. The Federation lays special stress on the importance of the mechanical industry to the economic life of the country. The value of the exports of its products amounted in 1925 to Fr.2,200 million, a sum equal to 5 per cent. of the total exports during 1925. The industry gives employment now to 850,000 hands of every description, and absorbs two-fifths of the metallurgical output sold on the home market. The war greatly stimulated the development of the mechanical industries, and after the war the volume of mechanical production was increased by the Alsace-Lorraine works (with some 150,000 hands) and the works situated in the Sarre region (with some 25,000 men). At the present moment the French metallurgical production gives employment, as mentioned above, to some 850,000 hands, as compared with 1,600,000 in Germany. But the report stresses the fact that the number of enterprises with more than 100 hands is about 1,000 in France, whereas in Germany it amounts only to 450. This seems to indicate that the average size of the enterprises is larger in France than in Germany.

The Federation of Mechanical Industries is perfectly aware of the difficulties it will have to cope with after the franc has been stabilised. It points to the example of the mechanical industries of the Ruhr, which were obliged to increase the number of their hands by 55 per cent. because of the troubles due to inflation (bad work because of small wages, strikes, etc.), and the Report reveals considerable anxiety as to what will be the consequences of inflation in France. As the mechanical industries are those in which the cost of labour plays a most prominent role, the Federation asks that the Ministry should take this into consideration when establishing the relative degree of protection to be given to the different industries. The Customs duties, in its opinion, must be proportioned to the value of the national labour represented by the products to be protected. In order to extend the field of French exports, the Federation asks for the application of the Customs tariff to the imports from foreign countries into French colonies. (*Nord Industriel*, No. 30.)

It must be noted that the fears expressed by the Federation of Mechanical Industries are widely shared. The rise in prices and of foreign exchanges has compelled the metallurgical industry to have recourse to a measure which until now it had hesitated to take, orders now being only accepted subject to the condition that the goods will be paid for at the price ruling at the time of delivery. An important metallurgical concern refuses to accept orders except for immediate payment, and will make no concessions to home consumers. Prices thus approaching world parity, the French metallurgical industry will soon face the problem of foreign competition.

## TRADE

**Foreign Trade with Various Countries during the First Half Year.**—Statistics published for the first half of 1926 show the following situation of French foreign trade with various countries as compared with the corresponding period of the previous year (in millions of francs):



Imports.		Exports.	
1926.	1925.	1926.	1925.
3,258	2,342 ...	4,839	4,736
2,017	984 ... Great Britain ...	1,552	1,859
3,930	3,055 ... Germany ...	1,633	1,462
2,078	1,332 ... United States ...	4,492	3,522
1,186	658 ... Belgium and Luxemburg ...	1,430	1,139
490	329 ... Italy ...	1,739	1,361
534	373 ... Switzerland... ..	816	647
849	576 ... Spain ...	842	567
	French Colonies and Pro-		
3,217	1,930 ... tectorates ...	3,940	2,861
816	597 ... Brazil ...	271	216
975	697 ... Argentine ...	600	374
190	139 ... Canada ...	236	156
9,481	5,998 ... Other countries ...	4,328	2,679

On the import side the most striking feature is the large increase in imports of German goods (more than 100 per cent.). A large increase may also be observed in the trade with Belgium and Italy. The value of British imports increased comparatively very little.

On the export side a huge increase may be observed in the trade with Belgium and the French colonies and protectorates.

It is interesting to note that the value of the exports increased as a rule much less than that of the imports, notwithstanding the well-known fact that French exports have been stimulated by the falling value of the franc. The reason for this is that, whereas the value of the imports follows the rate of exchange, the value of the exports increases at a much lower rate.

## GERMANY

### POLITICAL AND GENERAL

**The Economic Situation in June.**—According to the reports of the Prussian Chamber of Commerce the economic situation showed slight signs of animation in June. This was particularly noticeable in the mining industry, not merely in regard of hard coal, the foreign sales of which increased in consequence of the British strike, but also in respect of lignite and potash. The position of the iron producing industry is also considered favourably, though the working up industry, particularly the small iron industry, is still very depressed. The textile industry shows a slight improvement. The position of the chemical industry is satisfactory, while the electro-technical industry leaves much to be desired. The building market did not show the expected improvement. The condition of iron ore mining in the Siegerland, Lahn and Dill district has at last improved in consequence of the restoration of pre-war privilege in the form of a sales premium of Rmk.2 per ton of ore deposited. Not only was it possible to abandon further schemes for closing down, but a proportion of the hands already dismissed were re-engaged. The number of newly engaged workers amounted to 2,500, and the total output rose from 30,000 to 50,000 tons. The sale of pure potash rose from 418,000 d.ctr. in May to 800,000 d.ctr. in June. The greater part of the deliveries were effected abroad. There was no great change in the position of the machine industry. Since the beginning of the year the degree of employment in this industry has varied round about 60 per cent. of the normal, and the month of June was slightly above the average. The inland demand increased slightly and enquiries from abroad reached a level unequalled since the middle of last year, though the actual orders resulting were not more numerous than usual. Up to the present there can be no talk of any easing of the situation in the machine industry in 1926. (*Hamburger Fremdenblatt*, July 4; *Deutsche Allgemeine Zeitung*, July 14.)

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## FINANCE

**Reparation Payments.**—The Agent General for reparation payments supplies the following review of receipts and payments (in gold marks) for the second year up to June 30. The total receipts in June amounted to Mk.93,756,093, while the total receipts for the year up to June 30 amounted to Mk.917,051,076, so that with cash in hand on August 31, 1925, amounting to Mk.107,013,270.89, there was a total balance in hand on June 30 of Mk.1,024,064,347. These receipts were counterbalanced by payments in June of Mk.40.3 mill. to France, Mk.16.9 mill. to Great Britain, Mk.8.9 mill. to Italy, Mk.9.3 mill. to Belgium, Mk.3.5 mill. to Yugo-Slavia, Mk.0.6 mill. to Rumania, Mk.108,351 to Japan, Mk.460,546 to Portugal, Mk.254,525 to Greece and Mk.5,351 to Poland, or a total of Mk.80,643,851. Additional sundry payments amounting to Mk.9.2 mill. were also made in June. The total payments for the second annuity year up to June 30 amounted to Mk.930,348,700, so that the cash in hand at that date amounted to Mk.93.7 mill. (*Deutsche Allgemeine Zeitung*, July 11.)

## INDUSTRY

**Further Dye Trust Amalgamation.**—The rumours and hopes that the formation of a great chemical trust in the form of the Dye Industry Company did not indicate the termination of the rationalisation process inaugurated in the German chemical industry were justified on July 10 by the announcement of the amalgamation between the Cologne-Rottweil Company and the Dye Industry Company. By this new transaction, as in the case of all former financial transactions in the German economic system, all schemes of rivalry and opposition within the industrial group will be done away with and will be replaced by the closest rational collaboration. The amalgamation was brought about in view of the keen competition offered by the Cologne-Rottweil Company in respect of cellophate, varnish and artificial silk. The strong, well-financed foreign competition in the production of artificial silk made the Dye Industry Company particularly anxious to amalgamate with the Cologne-Rottweil group, as nothing short of the closest collaboration and identity of interests on the part of the German producers will enable them to combat it.

The companies forming the so-called "powder group" of the Cologne-Rottweil Concern have been obliged by the terms of the Peace Treaty of Versailles almost entirely to transform their programme of manufacture. Whereas the actual manufacture of powder in Cologne-Rottweil is limited to-day to the production of blasting and sport powder, the necessary nitrates which are obtained from the Dye Industry Company, the Cologne-Rottweil Company, once the most important specialising firm in the world for the manufacture of powder, has been obliged since the conclusion of peace to turn to new branches of manufacture of a different nature in consequence of the cessation of deliveries to the Army and Navy. The new programme possessed, however, many points of contact with the other German chemical industries, and in particular with the Dye Industry Company, to which it supplied auxiliary products for the film manufacture (gelatine) in return for the nitrates already mentioned, and it was from the fact of this technical collaboration that the idea of an amalgamation of the two groups first sprung. In regard to the manufacture of artificial silk, relations already exist between the Dye Industry Company and the Vereinigten Glanzstoffabriken and I.P. Bemberg and Company, while the Glanzstoff Group has intimate connections with the great British artificial silk undertaking, Courtaulds. The Cologne-Rottweil Company also possess foreign connections which will be of invaluable use to the Dye Industry Company. Thus some time ago Rmk.7.5 million of new shares in the Cologne-Rottweil Company and the Dynamite-Nobel went into the possession of



the American Dupont Company and the English Nobel group, for the purpose of re-establishing the relations interrupted by the war. According to the statement made in the General Meeting of the Cologne-Rottweil Company, both the said foreign groups have declared themselves in agreement with the amalgamation.

The amalgamation between the Dye Industry Company and the Cologne-Rottweil Company constitutes a further important step in the rationalisation of German production and market conditions, having for its aim to offer a victorious front to the strong foreign competition, in this case particularly where the manufacture of artificial silk is concerned. The transaction with the powder group is the first great financial operation of the Dye Trust since its formation, and will strengthen and enlarge its already dominant position within the German chemical industry. (*Hamburger Fremdenblatt*, July 12.)

**Establishment of the Match Syndicate.**—An agreement was arrived at on June 12 between the Swedish Group in the German match industry, the Independent German Match Manufacturers and the Wholesale Purchase Company of German Consumption Unions according to which a match sales company was established for the purpose of effecting common sales of the production of the German match industry. With the exception of the Wholesale Purchase Company which will continue to supply the organisations connected with it direct, all the manufacturers belonging to the sales company are required to sell their production to the company, which undertakes the distribution of it within the country as well as the export as far as this may be possible. The prices and delivery conditions, as well as the total quantity of matches to be produced will be fixed from time to time by the supervisory council of the sales company.

The Swedish group on the one hand and the Independent German Match Manufacturers, the Wholesale Purchase Company of German Consumption Unions and the Reichskreditgesellschaft on the other participate each group to the extent of 50 per cent. in the Match Sales Company. The sale of match factories, delivery quotas and shares will be settled by special regulations which will prohibit any change in the relation of power between the Swedish and German groups. The members of the company have voluntarily ceded to the influence of the Reich Government in the formation of prices in so far that the latter can object to the raising of prices or demand a reduction of prices, if this should appear necessary in the public interest.

The manufacturers participating in the new company are of opinion that any improvement in the position of the match industry in consequence of the amalgamation can only be expected on condition of the passing of a law prohibiting the erection of new match factories so long as the present ones are adequate to meet the demand. Debates on this subject are still in progress.

The new company has a capital of Rmk.1 million, 50 per cent. of which is supplied by the Swedish group and the other 50 per cent. by the German interests including the Reichskreditgesellschaft in Berlin. After deducting the quota of the Wholesale Purchase Company of German Consumption Unions, which supplies the organisations connected with it independently the Swedish group and the free German manufacturers participate in the supply of the general market to the extent of 65 per cent. and 35 per cent. respectively. As the agreement is concluded for a period of 25 years special precautions have been taken to safeguard the interests of German consumers. The shares of the new company may not yield a dividend of more than 6 per cent. The Sales Company will probably take up its

activities on August 15, and mutual agreements have been arrived at between the participants in the meantime. (*Hamburger Fremdenblatt*, July 14, 15.)

**Production and Sale of Potash in 1925.**—In 1925 the output of potash salts in German mining amounted to 12,044,200 tons. In comparison with the previous year, when the output was 8,072,400 tons of raw salts or 1,014,100 tons of pure potash, production has increased by 558,400 tons or 55.06 per cent. of pure potash. In the last three years and in comparison with 1913 potash production in Germany was as follows:—

	Gross quantity of salt in tons.	Percentage of difference as compared with 1913.	Pure Potash in tons.	Percentage of difference as compared with 1913.
1913 ...	11,607,500	—	1,325,700	—
1923 ...	11,212,300	— 3.40	1,280,400	— 3.42
1924 ...	8,072,400	— 30.46	1,014,100	— 23.50
1925 ...	12,044,200	+ 3.76	1,572,500	+ 18.62

The output in the year under report was effected by 85 of the 224 potash works possessing participation quotas, as compared with 93 in the previous year and 126 in 1923. The distribution of the output over the main producing districts in 1923 and 1924 is shown in the following table (in tons):—

District.	1923.		1924.	
	Crude salts.	Pure potash.	Crude salts.	Pure potash.
Hanover ...	3,066,400	377,000	2,399,000	336,100
Stasfurt-Maddeburg ...	2,645,200	250,100	1,524,500	149,300
Halle-Mansfeld-Unstrut ...	1,213,400	125,800	933,000	107,700
Southern Harz ...	2,130,400	275,700	1,477,800	207,400
Werra ...	2,156,900	251,800	1,650,000	209,500

The sales of potash salts have also considerably increased in the past year. The German potash syndicate sold in 1925 4,326,400 tons of potash salts with a content of 1,225,500 tons pure potash as compared with 3,036,400 tons with a content of 842,100 tons of pure potash in the previous year. Inland sales have developed particularly favourably, having experienced an increase from 502,500 tons in 1924 to 767,200 tons in the past year, or 52.68 per cent. The development of sales of German potash at home and abroad in 1913 and in the years 1923 to 1925 is shown in the following table (in tons):—

	Home.		Abroad.	
	Total quantity of salt.	Pure potash.	Total quantity of salt.	Pure potash.
1913 ...	2,803,200	604,700	2,343,900	505,600
1923 ...	1,890,000	535,100	1,189,000	350,800
1924 ...	1,883,700	502,500	1,152,700	339,600
1925 ...	2,830,800	767,200	1,495,600	458,300

While the home sales in pure potash in the year under report exceeded the 1913 sales figure by 162,500 tons or 26.87 per cent., consignments abroad did not touch the pre-war level. The export of German potash products is hindered by competition from the Alsatian potash works surrendered to France. The chief customers for German potash salts in 1925 were the United States, Great Britain, Belgium, Holland and the Northern States. The total sales in the individual varieties were distributed as follows (in tons):—

	1913.	1923.	1924.	1925.
Carnallite ...	7,000	1,000	1,000	2,000
Raw salts 12 to 15% ...	457,000	167,000	175,000	236,000
Potash fertilising salts				
18 to 22% ...	48,000	70,000	86,000	108,000
28 to 32% ...	19,000	47,000	27,000	44,000
38 to 42% ...	265,000	359,000	345,000	555,000
Potassium chloride ...	245,000	168,000	138,000	205,000
Potassium sulphate ...	54,000	63,000	56,000	65,000
Potassium magnesium sulphate ...	15,000	11,000	14,000	11,000

Potash sales in the first quarter of the current year were quite satisfactory with a total of 420,000 tons, though in comparison with the first quarter of 1925 there was a decrease of 90,000 tons or 17.65 per cent. (*Glückauf*, July 10.)

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## COMMUNICATIONS

**Termination of the Hamburg-America Line and Harriman Agreement.**—The Hamburg-America Line announces that the negotiations which took place in London at the end of February between its representatives and those of the Harriman shipping interests led to the decision on the part of Harriman to sell, subject to the sanction of the General Meetings of both parties, the three vessels "Resolute," "Reliance," and "Cleveland" to the Hamburg-America Line. Six years ago an agreement was arrived at between the Hamburg-America Line and Harriman, having a validity period of twenty years, which provided for a 50 per cent. share of both participants in the lines run before the war by the Hamburg-America Line. This agreement, which worked to the entire satisfaction of both parties, led, however, in the course of its further development to the desire on the part of both participants for a more practical arrangement, the most suitable solution of the question appearing to be the transfer of the ships in return for the bestowal of a financial interest in the concern upon Harriman. In this way the interests of both parties would be served, the purely German character of the Hamburg-America Line would be preserved and the advantages of international co-operation would be assured. It has therefore been agreed that the voting rights in connection with the shares which will go over into the possession of Harriman will be retained by the Hamburg-America Line, and their American confederates of the Board of Directors of the United American Lines, which will continue to act as the General Agent for the Hamburg-America Line in the United States, will retain their seats. Under the newly-constituted conditions, which are the fruit of mutually gained experience, it is hoped that the new agreement which now replaces the former understanding will be profitable to both sides.

With the announcement of the decision of the Hamburg-America Line, the future relations between the Hapag and the Harriman Group, which have been the subject of so many months of negotiation and such endless rumours in the German and foreign Press, have at last been clearly laid down. Under present conditions it may be assumed that the agreement between the two parties is absolutely at an end. The three ships, which originally belonged to the so-called Burgermeister class and were sold to Harriman, now return to the proprietorship of the Hamburg-America Line. As these three ships represented Harriman's share in the Hamburg-New York service it may be assumed that Harriman now retires from this most important of the services of the Hamburg-America Line, which will henceforth be carried on solely by the latter. The Hapag had to pay heavily to the Harriman Group for the passenger service between Germany and America, for the latter will receive in compensation Mk.10,000,000 of shares in the company, which at the present rate are worth about Mk.15 million. It is true that the voting rights remain with the Hapag, but they have only a problematical value, as the Hamburg-America Line itself emphasises the fact that the advantages of international co-operation are to be maintained. The management of the Hapag, therefore, would never act against the interests of the Harriman Group. It may be asked at this juncture whether it was wisdom on the part of the Hapag to enter into an agreement of 20 years' duration. It must not be forgotten, however, that after the disastrous termination of the war and the forced surrender of the German commercial fleet to Germany's former enemies, the most crying need of the Hamburg-America Line was to regain, at all costs, a firm footing in this most important of all international routes.

In any case the Hamburg-America Line in repurchasing the three Harriman boats has regained elbow-room in the North American Service. She can carry out the further development of the service according to her own judgment, and under prevailing conditions

this must be recorded as a great benefit for Hamburg's leading shipping company. The company's position is now equal on the service between the Continent and North America to that of the North German Lloyd, which also runs this service in co-operation with an American Group, although under quite different conditions from those of the Hapag. (*Deutsche Allgemeine Zeitung*, July 14.)

**Capital Increases of the Hamburg-America Line and the Norddeutscher Lloyd.**—The Hamburg-America Line and the Norddeutscher Lloyd are simultaneously proposing to increase their capital in such a manner as to bring their funds to the same level, viz. Rmk.75 million. Following upon the increase of Rmk.10 million sanctioned in the General Meeting of March 28, 1925, which will be utilised for the purchase of the Harriman boats, the Hamburg-America Line will submit to the next General Meeting a proposal to increase its capital further by the issue of shares to the value of Rmk.11 million, Rmk.10.8 million of which will be offered to the old shareholders in the ratio of 5 to 1 at the rate of 108 per cent., dividends being payable as from July 1, 1926. The Norddeutscher Lloyd intends to issue Rmk.11 million of ordinary shares and Rmk. 343,750 of preference shares. The way is now open for an amalgamation of interests between the leading shipping companies of Hamburg and Bremen, so that the concentration movement may now come into the realm of rationalisation. Such an amalgamation of interests would greatly strengthen the position of German shipping, and now that the agreement between Harriman and the Hamburg-America Line no longer stands in the way the increase of capital on the part of the great shipping companies is looked upon as a step to great developments in the future. (*Deutsche Allgemeine Zeitung*, July 14, 15.)

## POLAND

### POLITICAL AND GENERAL

**Constitutional Reform.**—The change of Government in May last brought to a head the question of the revision of the Constitution. Although some of the changes are far-reaching the Cabinet will probably experience little serious opposition from the Diet for some time to come. The main features of the proposed revised Constitution are as summarised below. The regular Parliamentary session is to last for four months. If within that period the Budget be not voted by the two Chambers it will be promulgated in the form of a decree by the President of the Republic. The President has the power to dissolve the two Chambers on the proposition of the Cabinet and also has the right to veto bills passed by the Diet. If a bill passes the second reading in Parliament the President must approve and promulgate it. During the parliamentary vacations, or periods of adjournment or dissolution, the President is empowered to issue decrees having the force of laws, but such decrees must be submitted to Parliament for ratification within a fortnight of the first meeting of the new Diet. It is further provided that the session will close in July, and that up to January 1, 1927, all measures adopted will be by Presidential decree. It is stipulated, however, that in no case shall the decrees thus issued modify the existing Constitution. (*Gazette de Prague*, July 14.)

**The Economic Situation.**—From the economic point of view the month of May was on the whole satisfactory. This fact is remarkable when it is considered that it was during that month that the political change took place in Warsaw. As shown by the figures, the May events did not seriously affect the situation; on the contrary, the crisis which for the last few months has been felt rather badly abated somewhat in May, showing a marked tendency towards improvement.

As a result of heavy rains the agricultural situation experienced some depression; crops in some parts



have been damaged and the prospects which were good at the beginning of the season are somewhat less favourable. There is even some apprehension regarding the final results, and doubts are being expressed in agricultural circles as to whether this year's crops will be as good as those of last year.

In manufacturing industry and mining small but steady progress is noticeable. This is revealed by the gradual decrease in the number of unemployed and by a more intensive activity in the staple industries. The satisfactory conditions prevailing on the market are not affected by the recent increase of the miners' wages.

The foreign trade balance continued to be favourable, showing a much larger increase of exports over imports than had been expected. This result is due to the fall in imports and the advance of exports.

Owing to the influx of foreign exchange for exports, the Bank of Poland was in a position to increase its reserves of foreign currencies, and in this way to strengthen the cover of the zloty. It should be noted that about the same time the Bank of Poland effected substantial payments abroad on account of the settlement of foreign loans. All liabilities are being paid as and when they fall due.

Taxation revenue in May was collected as anticipated, while the revenue from monopolies and State-owned enterprises was in excess of the estimates. This enabled the Budget for May to be closed with a considerably smaller deficit than had been expected. Steps have been taken with a view to changing the method of budgeting, and it is hoped that an equilibrium in this respect will be a matter of but a few months.

In connection with May developments, the zloty exchange was subject to certain fluctuations, but subsequently it recovered and returned to its previous level. (*Polish Economist*, July.)

The Conservative journal *Czas* asserts that despite earlier appearances the Polish-German tariff conflict has not crippled the resistance of Poland against economic dependence. On the contrary, and in the face of all difficulties, the economic situation of Poland has of late considerably improved. It would, however, be to the interest of both countries if the conflict were brought to an end.

M. Zdziechowski, former Minister of Finance, stated in a recent interview that the financial situation of the Republic was sound and that there would be no increase in the issue of notes, but that it would indeed be possible to lower the maximum level of issue from 80 mill. to 50 mill. zlotys. This favourable view of the situation in Poland was also confirmed recently by M. Glivic, Minister of Commerce and Industry. He nevertheless admitted that the country was sorely in need of the assistance of foreign capital, not so much in the form of a direct State loan as in that of credit to home enterprises. He expressed himself hopeful concerning the establishment of the budgetary equilibrium within the near future.

**Official General Statistics.**—The Ministry of Finance has issued detailed statistics concerning the general economic movements in the Republic of Poland in 1925 in comparison with those of the preceding years. The main contents of *Bulletin* Nos. 9 to 12 are summarised below (in millions of zlotys):—

*Chief items of the balance-sheet of the Bank of Poland.*

	As at Dec. 31, 1924.	As at Dec. 31, 1925.
Gold reserve ... ..	103.4	133.6
Foreign currencies, bills and other claims abroad ... ..	569.0	69.7
Silver specie ... ..	27.5	—
Bill portfolio ... ..	257.0	289.4
Loans on securities, foreign bills and short term bills discounted ... ..	32.0	91.3
Non-interest bearing advances to the Government ... ..	20.8	50.0
Other assets ... ..	57.1	80.0
Notes in circulation ... ..	550.9	381.4
Clearing accounts: Treasury ... ..	6.4	16.6
other ... ..	57.7	49.0

	As at Dec. 31, 1924.	As at Dec. 31, 1925.
Deposits at sight ... ..	5.2	35.3
Liabilities in foreign currency ... ..	12.8	35.7
"Contango" liabilities ... ..	2.2	36.8
Other liabilities ... ..	31.7	57.9
Total money in circulation ... ..	674.0	815.0
Bank rate (percentage) ... ..	10	12

*Public revenue and expenditure.*

	(In millions of zlotys.)			
	1922.	1923.	1924.	1925.
Total ordinary and extra-ordinary receipts ... ..	420.3	414.0	1,703.2	2,030.7
Of which, ordinary receipts ... ..	391.6	378.5	1,453.8	1,721.3
Total administrative and State undertakings expenditure ... ..	657.4	961.5	1,599.7	2,045.9
Of which (1) Administrative expenditure ... ..	527.6	647.4	1,304.2*	1,739.0*
(2) State undertakings ... ..	129.8	314.1	213.6†	267.6†
			—‡	0.8‡
			81.9†	38.5†

\* Ordinary expenditure. † Extraordinary expenditure.  
‡ Deficit.

The above figures include (1) the property tax, voted for the three years 1924 to 1926; (2) 16.9 mill. zlotys obtained from the liquidation of the Polish National Loan Bank; (3) 11.7 mill. zlotys on account of the redeemable capital invested in the Relief Credit; and (4) the various postponements of expenditure estimated in the Budget for 1924 and amounting to an aggregate of 146.8 mill. zlotys.

*Returns from public taxation and State monopolies.*

	(In thousands of zlotys.)			
	1922.	1923.	1924.	1925.
Total from all sources ... ..	308,180	248,916	1,197,399	1,331,551
Direct taxes, total ... ..	29,384	52,322	292,849	364,553
Land tax ... ..	3,116	6,790	48,229	49,218
Turnover tax ... ..	10,524	24,455	176,667	197,093
Income tax ... ..	8,041	15,810	40,147	63,207
Other taxes ... ..	7,703	5,267	27,806	55,035
Property tax ... ..	85,077	1,938	199,395	60,457
Stamp and Incorporation duties ... ..	27,588	29,591	79,760	114,264
Customs duties ... ..	24,577	48,236	239,141	285,215
Indirect taxes, total ... ..	101,498	78,558	232,617	112,451
Alcohol duty ... ..	62,455	42,557	132,636	—
Sugar duty ... ..	27,243	15,323	54,095	60,234
Coal duty ... ..	1,534	9,830	8,332	—
Mineral oil duty ... ..	5,033	2,749	10,744	17,516
Other taxes ... ..	5,233	8,099	26,820	34,701
Monopolies, total ... ..	40,086	38,271	153,637	394,611
Salt ... ..	5,666	5,400	16,325	31,955
Tobacco ... ..	34,208	32,798	133,708	182,430
Alcohol ... ..	—	—	—	172,590
Other monopolies ... ..	212	73	3,604	7,636

In regard to the above statistics the following points should be noted: (1) In 1922, 1923 and 1924 the export duties were included; (2) in 1922 the capital levy was raised; (3) one-twelfth of the advance for 1924 was paid in chiefly during December 1923; (4) the alcohol monopoly is established as from January 1, 1925; (5) in 1925 the excise on coal was suspended.

**The Public Debt.**—The total of the interest-bearing bonds of the Internal Debt amounted to 181,624,767.70 zlotys as at December 31, 1925, as against 146,133,703.60 zlotys as at December 31, 1924; the non-interest bearing advances (cash) afforded by the Bank of Poland in favour of the Treasury totalled 50 mill. zlotys as at December 31, 1925, as against 20,770,969.93 zlotys as at December 31, 1924. The External Debt consists of (1) loans contracted by means of issue of bonds; (2) obligations to foreign Governments; and (3) indebtedness to private creditors abroad. At the end of 1925 the total of these debts amounted to the equivalent of 2,668,605,606 zlotys, as compared with the equivalent of 1,599,301,516 zlotys at the end of the preceding year.

**Clearing-house operations.**—The monthly averages of the bankers' clearing-house operations during the four past years have been as follows: in 1922, 50.8 mill.; in 1923, 28.3 mill.; in 1924, 31.8 mill.; and in 1925, 126.9 mill. zlotys.

**Statements of joint stock banks.**—The chief items in the statements of 14 big joint-stock banks may be summarised as follows (in thousands of zlotys):—



	Situation as at		
	Dec. 31, 1924.	June 30, 1925.	Dec. 31, 1925.
Cash on hand ... ..	18,450	14,203	8,890
Discount ... ..	87,600	151,119	101,319
Open credit ... ..	76,592	136,351	125,783
Advances on term ... ..	204	3,943	3,039
Current accounts at sight ... ..	13,888	40,889	28,678
Fixed deposits ... ..	43,552	59,253	33,250
Rediscouunts ... ..	55,224	82,145	65,263

*Savings deposits.*—The figures of the general savings deposits in Poland show a substantial increase for the year 1925. Although the total amount deposited with the Post Office dropped from 15,052 mill. zlotys on June 30 to 12,612 millions on December 31, this decline was counterbalanced by the increase in the deposits with the local corporations.

*Communal Savings Bank deposits.*

	Situation as at	
	Dec. 31, 1924.	June 30, 1925.
Total number of municipal savings banks	80	78
Total number of district savings banks ...	73	81
(In thousands of zlotys.)		
Municipal banks : savings deposits ...	5,883	13,390
„ „ current accounts ...	3,260	6,762
District banks : savings deposits ...	5,231	10,070
„ „ current accounts ...	1,339	1,735
Total : savings deposits ...	11,114	23,460
„ current accounts ...	4,599	8,497

*Savings Bank deposits.*

	Post Office.	Local corporations.	Mutual loan societies.
	(In millions of zlotys.)		
December 31, 1922...	1,541	—	—
„ 1923...	937	—	—
„ 1924...	7,555	5,023	—
March 31, 1925 ...	11,876	10,332	4,158
June 30, „ ...	15,052	14,868	5,354
September 30, 1925...	14,435	16,138	5,009
December 31, „ ...	12,612	17,661	4,741

*Authorised capital issues.*

	Monthly average for			
	1922.	1923.	1924.	1925.
New issues : number ...	20	28	13	3
„ „ capital (in thousands of zlotys) ...	1,705	332	3,028	3,245
Supplementary issues : number ...	25	55	14	5
capital (in thousands of zlotys) ...	—	495	68	4,568

*Wholesale prices and cost of living indices.*—There was a general tendency, as indicated in the following tables, for prices to rise during the past year, the general index number of the wholesale prices of 57 of the principal commodities moving from an average of 110.2 in 1924 to 125.7 in 1925, while the cost of living index mounted from 134 in 1924 to an average of 153.2 in 1925, closing at the end of December at 173.1.

*Index numbers of wholesale prices as established by the head Statistical Office.*

(January 1914 = 100.)

	Average for the year			
	1922.	1923.	1924.	1925.
General index number of 57 commodities ...	72.8	85.9	110.2	125.7
Index numbers for separate categories—				
Cereals and vegetable foodstuffs	87.0	75.3	107.1	160.3
Animal foodstuffs ...	72.3	79.1	153.2	158.5
Colonial products and sugar ...	50.8	66.1	106.2	122.8
Hides and leather ...	59.0	84.2	91.1	115.2
Textiles (raw materials and fabrics) ...	122.0	150.5	154.1	166.4
Metals and coal ...	83.3	101.6	123.8	130.3
Building materials ...	50.0	66.8	82.7	98.1
Chemicals and miscellaneous ...	62.1	70.4	83.9	90.4

*Note.*—The prices for January 1914, on which the above index numbers and also the cost of living index numbers given below are based, refer only to a part of Poland to-day, called former Congress Poland, where the prices of the majority of industrial products were comparatively high owing to the protective Russian Customs duties; the general level of the respective index numbers has fallen accordingly.

*Wholesale prices of chief commodities.*

Commodity.	Unit.	Price in zlotys.	
		End of 1924.	End of 1925.
Wheat ... ..	100 kg.	24.25	38.00
Rye ... ..	„	21.25	22.00
Wheat flour (65%) ... ..	„	40.25	59.50
Bolt rye flour (70%) ... ..	„	30.25	35.00
Beef ... ..	1 kg.	1.79	1.63
Pork ... ..	„	1.28	1.55
Lard ... ..	„	2.42	2.79
Butter ... ..	„	6.20	6.30
Milk ... ..	1 litre	0.36	0.28
Eggs ... ..	10 gross	265.00	340.00
Tea ... ..	1 kg.	10.50	15.50
Coffee ... ..	„	3.90	7.00
Rice ... ..	„	0.53	0.85
Sugar (a) ... ..	100 kg.	100.00	110.00
Cow hide ... ..	1 kg.	1.04	1.90
Sole leather ... ..	„	4.30	8.45
Polish wool, washed (b) ... ..	„	15.00	20.00
American cotton (b) ... ..	„	3.44	4.63
Cotton yarn (b) ... ..	„	6.53	7.22
Cast iron (a) ... ..	1 ton	170.00	170.00
Trade iron (a) ... ..	„	222.00	222.00
Tin, up to 0.5 mm. thick ... ..	1 kg.	0.50	0.65
Zinc ... ..	„	1.03	1.96
Coal from Dabrowa basin (a) ... ..	1 ton	25.33	24.15
„ „ Upper Silesian basin (a) ... ..	„	30.10	25.60
Coke ... ..	100 kg.	4.50	3.80
Bricks (c) ... ..	1,000 bricks	48.33	52.00
Cement (c) ... ..	100 kg.	4.80	8.50
Timber (c) ... ..	1 cubic metre	55.00	75.00
Glass ... ..	1 sq. metre	5.00	5.50
Potash salts (25%) ... ..	100 kg.	6.00	6.50
Petroleum (a) ... ..	„	14.00	28.20
Benzine (a) ... ..	„	35.00	71.00

(a) Price at factory, foundry, refinery or mine. (b) at Lodz railway station. (c) at loading station.

*Index numbers of cost of living in Warsaw.*

(January 1914 = 100.)

	Average for				As at Dec. 31, 1925.
	1922.	1923.	1924.	1925.	
General index number	53.7	67.9	134.0	153.2	173.1
Index numbers for the different categories :					
Foodstuffs... ..	73.1	87.4	160.9	176.3	203.6
Clothing ... ..	95.5	136.5	232.7	254.9	291.7
Heating ... ..	66.3	79.4	155.7	157.7	173.2
Rent ... ..	8.1	7.8	31.4	57.1	66.1
Various ... ..	38.8	60.0	152.0	177.3	184.5

*Foreign trade movements.*—The statistics of foreign trade for 1925 reveal an unsatisfactory situation. The year 1923 closed with a favourable balance of 79.1 mill. zlotys. In 1924 there was a reversion to an adverse balance (212.5 millions), which was further accentuated in 1925 (269.4 mill. zlotys).

*Foreign Trade.*

	Imports.	Exports.	Balance.
	(In millions of zlotys.)		
Total value in 1922 ...	845.4	655.2	— 190.2
„ „ „ 1923 ...	1,116.5	1,195.6	+ 79.1
„ „ „ 1924 ...	1,478.4	1,265.9	— 212.5
„ „ „ 1925 ...	1,666.0	1,396.6	— 269.4

*Imports of principal commodities.*

	Quantity			Value		
	in thousands of metric tons.			in millions of zlotys.		
	1923.	1924.	1925.	1923.	1924.	1925.
Grain and flour	76.0	185.6	607.7	23.1	68.0	241.6
Fruit, fresh and dried ...	28.3	66.3	54.8	19.5	41.6	33.6
Coffee ... ..	5.6	6.1	7.1	7.2	15.1	21.1
Cocoa and chocolate ...	4.3	5.9	4.8	3.9	8.4	7.9
Tea ... ..	2.4	1.4	1.9	9.2	7.1	9.6
Fish ... ..	74.1	55.1	55.5	28.1	35.5	35.1
Edible fats ...	26.2	25.6	18.4	26.1	40.5	35.6
Tobacco and products ...	11.9	13.5	22.4	27.4	29.6	52.6
Tanning materials ...	10.0	15.3	18.6	3.9	5.7	4.0
Hides and skins	7.5	14.0	7.0	6.1	18.6	7.2
Leather ... ..	9.1	8.4	7.4	39.6	61.2	56.8
Seeds ... ..	2.1	3.7	13.8	1.8	4.4	11.0
Cotton and waste ...	57.6	42.8	54.8	146.7	152.5	176.2
Jute and waste	11.9	13.9	12.7	6.6	9.4	17.0
Yarn ... ..	4.3	3.2	3.5	40.6	38.3	41.5
Textile materials ...	4.6	6.7	6.8	53.1	119.8	109.3
Clothing ... ..	1.2	2.1	2.0	29.1	68.6	64.0



	Quantity			Value		
	in thousands of metric tons.			in millions of zlotys.		
	1923.	1924.	1925.	1923.	1924.	1925.
Paper and goods	39.4	19.6	33.7	17.8	24.4	35.4
Fertilizers ...	134.9	124.7	241.2	15.5	17.1	26.3
Lubricants ...	19.1	25.1	23.5	14.9	25.4	25.4
Colours, dyes, varnishes ...	3.8	6.6	8.9	6.4	8.0	9.7
Coal, lignite, coke and briquettes	266.8	391.1	245.4	8.5	12.1	7.3
Ores ...	765.5	336.1	361.9	22.7	11.6	14.5
Pig iron ...	93.8	19.6	14.0	14.9	5.3	3.6
Scrap iron ...	299.7	152.1	162.8	14.2	7.0	7.2
Metal and products	253.2	172.8	147.2	255.6	263.7	274.3

*Exports of principal commodities.*

	Quantity			Value		
	in thousands of metric tons.			in millions of zlotya.		
	1923.	1924.	1925.	1923.	1924.	1925 :
Grain & flour...	81.1	316.6	462.6	17.6	60.4	120.5
Sugar...	95.1	246.4	196.0	52.2	163.3	89.5
Potatoes	165.1	298.0	95.9	6.9	16.3	6.9
Fish ...	13.8	3.1	1.9	7.5	2.5	2.6
Hops	0.7	0.3	0.7	3.5	3.4	7.6
Alcohol	2.7	3.5	0.5	1.7	2.3	0.4
Hides & skins...	0.7	2.7	7.6	0.5	3.6	9.9
Leather	0.2	0.05	0.3	1.5	0.8	2.4
Furs ...	0.4	0.4	0.6	4.1	4.9	3.7
Down & feathers	1.4	1.8	2.0	6.4	8.9	5.0
Horsehair & bristle	1.7	1.0	1.1	8.3	2.7	3.0
Timber & wood	2,614.6	1,946.3	3,175.4	113.1	113.1	210.7
Wooden goods	34.5	60.4	91.7	12.6	22.8	29.9
Wicker goods	5.5	7.7	10.7	1.4	2.0	4.2
Seeds	11.5	65.1	61.7	4.6	26.7	29.9
Flax & waste	5.3	13.5	15.6	3.4	9.1	13.6
Hemp & waste	1.2	2.9	3.6	0.4	1.6	1.2
Yarn ...	3.5	3.7	3.7	33.4	56.0	42.5
Cotton goods	11.7	5.3	5.0	108.5	60.8	56.0
Woollen goods	2.0	0.7	0.7	49.1	19.3	15.1
Lubricants	69.7	0.1	0.1	15.3	0.1	0.1
Colours, dyes, varnishes	5.1	3.9	3.7	4.9	4.7	5.0
Matches	1.6	1.8	—	1.1	1.3	—
Oil products	262.6	376.5	295.2	38.8	61.9	53.9
Paraffin & vaseline	25.2	26.0	22.9	10.6	15.3	18.9
Coal, lignite, coke & briquettes	12,912.8	11,418.2	8,158.4	327.1	264.9	160.5
Ores ...	26.2	64.2	39.8	1.5	3.0	0.7
Metals & products	526.6	239.5	216.8	233.7	153.7	162.1

Imports in 1925 increased by nearly 200 mill. zlotys in comparison with 1924. The chief countries that improved their percentage of the total imports into Poland during 1925 were Great Britain, France, the United States, Denmark and Holland. A notable feature of the export trade was the increase in the percentage of goods consigned to Russia.

*Trade with various countries (in percentage of total).*

	Imports.			Exports.		
	1923.	1924.	1925.	1923.	1924.	1925.
Great Britain	8.1	7.5	8.0	5.9	10.5	8.3
Austria ...	8.7	11.7	9.6	9.3	10.1	12.5
Belgium ...	1.4	2.0	1.5	0.7	1.8	2.2
Czechoslovakia	4.8	5.7	5.5	4.8	7.9	11.3
Denmark ...	0.5	1.0	1.6	2.0	1.6	1.8
France...	3.8	4.9	5.9	2.1	4.2	1.8
Netherlands ...	1.6	1.7	2.1	1.1	3.1	2.7
Latvia ...	0.2	0.5	1.2	2.1	2.1	2.5
Germany ...	43.4	34.2	30.3	50.6	42.4	39.0
Russia ...	0.4	0.3	0.6	1.9	0.9	2.8
Rumania ...	0.5	1.4	1.4	11.4	6.2	4.7
United States	15.3	12.4	13.8	0.6	0.6	0.7
Switzerland ...	1.1	1.6	1.5	0.8	0.4	0.6
Sweden ...	0.5	0.8	0.9	0.4	1.1	1.1
Hungary ...	0.6	0.9	2.4	1.6	1.9	2.1
Italy ...	1.9	5.0	4.2	0.6	0.5	0.7
Other countries	7.2	8.4	9.5	4.1	4.7	5.2

*Mineral and metal production.*—The following summary of the mineral and metal production of Poland has been made from the detailed data issued by the Ministry of Commerce and Industry (in thousands of tons):—

	Monthly average for			
	1922.	1923.	1924.	1925.
Coal ...	2,903	3,008	2,693	2,420
Lignite ...	18.3	14.2	7.6	5.4
Coke ...	—	111	79	80
Ozocerite ...	0.035	0.059	0.061	0.061
Rock salt and brine...	24.6	30.2	22.9	27.5
Potash salts ...	3.8	5.1	6.8	14.9
Iron ores ...	33.7	38.3	23.3	17.2
Zinc and lead ores (a, b)	22.3	62.2	75.9	93.9
Cast iron ...	40.0	43.4	28.0	26.3
Steel (a, c) ...	83.0	94.3	57.0	66.0
Raw zinc (a) ...	7.0	8.0	7.7	9.6
Natural gas (in 1,000 cubic metres) ...	33,500	33,352	36,495	44,582

(a) Provisional figures. (b) Raw ores. (c) Martin and Bessemer's steel ingots, electric furnace steel and cast steel.

*Workers in the Mining and Metal Industries.*

	Number of workers as at the end of			
	1922.	1923.	1924.	1925.
Coal ...	212,913	216,565	151,041	108,185
Lignite ...	2,255	1,677	510	323
Coke ...	—	—	1,377	1,853
Ozocerite ...	733	1,164	301	510
Crude oil ...	13,364	14,013	10,947	9,113
Rock salt and brine	4,246	4,036	3,736	3,698
Potash salts ...	422	542	469	574
Iron ores ...	5,142	6,619	3,191	1,907
Zinc and lead ores	8,232	9,379	8,859	9,562
Iron and steel industry	52,694	62,195	34,143	32,927
Lead and zinc works	11,866	12,239	10,851	11,408

*Labour activity.*—The figures shown below suggest that labour was somewhat more active in 1925 than in 1924.

*Average number of days of 8 hours worked per week in various Industries.*

	Average for the year	
	1924.	1925.
In all branches ...	5.34	5.63
Metal, mechanical, electro-technical and precision industries ...	5.53	5.75
Textile industry ...	4.36	5.05
Chemical industry ...	6.08	6.32
Wood industry ...	—	5.76
Industry of alimentary products ...	—	5.98

*Railways.*—Railway activity was not so pronounced in 1925 as in 1924 and 1923. With the exception of foodstuffs and agricultural products, building materials and miscellaneous goods, there was a decline in the daily average of truck-loads in 1925 as compared with 1924.

*Work done by the Polish State Railways.*

	Daily average of truckloads in		
	1923.	1924.	1925.
Coal ...	5,122	4,955	3,959
Crude oil and products ...	202	217	213
Foodstuffs and agricultural produce	1,643	1,277	1,576
Firewood and turf ...	395	312	236
Building materials...	651	394	613
Materials for exploitation of railways ...	897	696	636
Military transport ...	314	210	139
Other goods ...	1,458	1,523	1,861

Total ... 12,341 11,305 10,755

Goods received from foreign railways—			
imported to Poland ...	766	969	931
in transit ...	575	603	715

Total work done ... 13,682 12,877 12,402

**FINANCE**

*The Financial Situation and the Draft Budget for 1927.*—In submitting to Parliament on June 22 last the draft of the Budget for the ensuing financial year M. C. Klarner, Minister of Finance, made some interesting statements respecting the actual financial situation and the future prospects of the country. He considered that the deficit shown in the 1926 Budget was purely a transitory feature and expressed his assurance that the deficit would be converted into a surplus within a



few months, without any special sacrifice on the part of the taxpayers. The axe of economy would not be applied to productive expenditure. Opportunities for retrenchment were offered by the reorganisation of the State administration. Revenue could be increased, especially that accruing from the State enterprises and monopolies. He intended, however, to increase the salaries of State employees by 6 per cent., since the present salaries were insufficient. In order to increase confidence in the Polish currency the Government would introduce deposit accounts in gold zlotys and in dollars in the State Banks. Credit was at present too dear. The Government had therefore decided to arrange a reduction in the discount rate of the Bank of Poland and would also increase the amount of money in circulation by the development of the gold reserves of the Bank of Poland. During the period January to May of the present year the Ministry of Finance received 644.5 mill. zlotys, as against the estimated figure of 591 millions, while expenditure amounted to 704.5 mill. zlotys, instead of the estimated sum of 721 mill. zlotys. The deficit realised was thus about 70 mill. zlotys lower than the estimated figure.

The former Minister of Finance stated in an interview granted to Press representatives that the draft Budget for the financial year 1927 provided for a deficit of about 200 mill. zlotys. He expressed himself confident in being able to raise sufficient to cover this deficit. One of the chief factors in establishing this hope was the continued favourable balance in the foreign trade exchanges. Before the budgetary equilibrium could be established it would, however, be necessary to bring down prices. At present Poland was one of the dearest countries in Europe.

On June 16 last the Government submitted to Parliament the bill for the provisional Budget for the third quarter of the present year. The credits for the quarter amount to 461.8 mill. zlotys, a sum which is equal to one quarter of the credits voted and of the realised expenditure for the year 1925. It should be noted that although this level of expenditure has not been exceeded the exchange value of the zloty is now lower and its purchasing capacity on the home and international markets has consequently been reduced.

## SOCIAL AND LABOUR CONDITIONS

**Decline in Unemployment.**—The steady improvement in the labour market was continued throughout the second quarter of the present year, although the number of unemployed has been much higher than in the first half of 1925. The number of persons out of work at the beginning of July was 275,000, as against 297,000 at the middle of June, 304,113 in May, 320,512 in April, 354,382 in March and 360,000 in February. In May 1925, however, the number of registered unemployed amounted to only 173,140 persons. Industry and agriculture show signs of slow revival, and it is confidently expected that the situation in the labour market will still further improve during the present summer.

**Increase of Miners' Wages.**—The Arbitral Committee (of employers and employees) in Polish Upper Silesia at the meeting held on June 10 accorded an increase of wages in the coal industry amounting to 9 per cent. and 10 per cent. in the Central and Southern Districts respectively. This increase is binding as from June 1 to July 31 this year, and may be suspended by a 14 days' notice. Soon afterwards, this increase provoked a rise in the prices of coal. However, as a result of Government intervention, the alteration in this respect will, it is hoped, not be too large. (*Polish Economist*, July.)

## COMMUNICATIONS

**Increased Railway Rates.**—Direct Communications with Russia.—As from June 10 last the freight rates of the Polish railways have been increased by about 10 per cent. The increases vary according to the distance, as follows: up to 100 kilometres, from 18 to 20 per

cent.; from 100 to 300 km., from 12 to 15 per cent.; from 300 to 500 km., from 10 to 12½ per cent.; from 500 to 800 km., from 0 to 5 per cent.; and for 800 km. and over, nil.

It should be remembered that during the year 1925 Polish freight rates had been reduced on several occasions. The Government embarked upon this policy to help industry which is passing through a heavy crisis. But now, as a result of its own budgetary difficulties, the Government is compelled to apply the principle of self maintenance to the railways. Despite this measure the present freight rates are lower than those in force last year; it may be worth while to recall that these have not ceased to be the lowest tariffs in Europe.

In pursuance of the Railway convention between Poland and the Union of Socialist Republics, new communications were opened on May 15, thus making it possible to send goods directly from Poland to Russia and vice-versa, and thus avoid re-expedition formalities on the frontier.

At the same time, for the purposes of this traffic, there are being opened two additional trading points, so that transshipment of goods traffic on the Polish-Russian frontier can be effected at the five following points: Stolpce-Niegoreloje, Zdobunowo-Szepietówka, Podwoleczyk-Woloczyska, Zahacie-Farbynowo, Mikaszewicz-Zytkowicz.

Direct communication for transit purposes, which on the Polish-Russian frontier represents 62 per cent. of the whole freight traffic, is not yet available; this will not be possible before the States interested in the transit in question join the Polish-Russian agreement. Negotiations in this matter between Germany, Poland and Russia are already in progress. (*Polish Economist*, July.)

## RUSSIA

### POLITICAL AND GENERAL

**A Further Phase of the Economic Crisis.**—The economic development of the Soviet Union has once more reached a critical phase. The Chervonetz crisis has been making itself felt since the beginning of the year. The official rate of the Chervonetz has ceased for some time to be in accord with the real value of Soviet currency in Russia itself. The index number for wholesale prices is 200 per cent. above pre-war level, and still shows a rising tendency, while the gold parity of the Chervonetz is maintained by the Government. It is solely owing to the Government's complete control over the credit and commercial conditions in the country that this false situation has existed for so long. In the year 1925

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private enterprise began to recover from the persecution to which it had been subjected since the beginning of 1924. Reviving private capital, however, could not stand the artificial currency level for long and the Bourse began to seek a real valuation of the Chervonetz. Under normal conditions the Chervonetz could have easily accommodated itself to market conditions, but in the Soviet Union the result was quite different. The Soviet Government itself first created a Chervonetz panic, and then turned all the forces of political power to reinstate the artificial situation. In Government circles there have been for a long time lively contests between the inflationists who are to be found in State economic and State industrial circles, and the anti-inflationists of the Finance Commissariat. In the second half of 1925 the inflationists won the upper hand and under pressure from State industry led by Dzerjinski the issue of notes proceeded briskly. Between the end of 1925 and April 1926 the money circulation in Russia rose from 710 to 1,222 million chervonetz roubles. At the first sign of the Chervonetz crisis confusion occurred in the Finance Commissariat, and a policy of deflation was launched which immediately encountered obstacles, as demands for new credit on the part of State industry grew increasingly urgent. Terrorist measures were then adopted with the result that the Chervonetz market ceased to exist, and no one dared even to speak of a Chervonetz rate. The official Chervonetz rate thus won a brilliant victory.

The direct economic result of these measures does not appear to have been great, but the indirect results are in the direction of decreased sales and production, and reaction in the economic development of the country. According to the statistics of the Soviet press the demand for goods fell off considerably in May, and a decrease in production was seen in nearly all industrial branches. The coal output which amounted to 1.8 million tons in April fell to 1.5 million tons in May. The output of the cotton industry dropped from 139 million metres of material in April to 105 million metres in May. The paper industry produced 5,358 tons of cellulose in May against 6,003 tons in April, 2,742 tons of wood pulp as compared with 3,199 tons and 14,381 tons of paper as compared with 15,735 tons. Soviet statistics estimate the falling off in production in May as compared with April at 11.4 per cent.

The number of hands employed has not decreased to any extent, and wages show a tendency to increase, so that the natural result of the reduced production is an added burden to industry, whose debts in April already amounted to Rouble 894 million.

Thus the Chervonetz crisis is developing into a general State economic crisis of an acute nature, the result of which cannot yet be predicted. The root cause of the crisis is the discrepancy between the means at the disposal of the Soviet Government and the economic tasks which are undertaken by it, aggravated by the unsound relations existing between State and private undertakings. (*Revaler Bote*, June 30.)

## FINANCE

**The Shortage of Capital.**—One of the great evils of Russia's economic situation is the poverty of the country in capital. As the question of the renewal and extension of industry is in the forefront of the economic policy this circumstance is of increased importance. Industry has reached the limits of its capacity on the present basis. The goods famine, a characteristic trait of the present economic situation, is due to the inadequacy of industrial production in relation to the growing purchasing power of the population, particularly of the farmers. Although the increase in production is greater in industry than in agriculture (95 per cent. and 91 per cent. of the pre-war standard), the purchasing power of the farmers in comparison with pre-war times has greatly increased owing to the agrarian policy of the Government. The fact that industry

passed through a sales crisis in 1923, while to-day it is impossible to satisfy the demand is certainly attributable to the growing purchasing power of the farmers.

According to the estimate of the State Economic System Commission, the investment of R.5 milliard of capital will be needed in the next five years only for the renewal and extension of industrial undertakings in order to obtain an annual increase in production of 15 per cent. If the total of economic requirements is calculated, including basic capital, and the necessary additions to working funds, the huge sum of R.16 milliard will have to be advanced to industry during the next five years.

In view of the difficulty of obtaining foreign capital for this purpose in adequate quantities and under favourable conditions, the only available source is the nett profits of home industry and all other economic branches which are under State control, and the reserves built up by the population.

If it is taken into account that the heavy industry (coal, iron and naphtha), the railways, the banks, the entire foreign trade and the greater proportion of home trade are monopolised, it must be admitted that vast sources of income lie in the hands of the State. Deposits in the savings banks amounted on April 1, 1926, to R.60 million as compared with R.2 million before the war. (*Deutsche Bank, Wirtschaftliche Mitteilungen*, June.)

## TRADE

**Cancellation of Russian Orders to Germany.**—The Russo-German trade relations have recently sustained a further heavy blow. As the negotiations so long pending in regard to the Rmk.300 million credit seemed to offer no further prospect, the Soviet Government decided to retaliate for the German Banks' refusal to concede more favourable terms to the U.S.S.R. with a contract prohibition. Rykow issued to the Trade Commissariat on June 10 the order to distribute part of the orders intended for Germany on the basis of the German Guarantee Credit to other countries. This measure was justified by the alleged difficulty of obtaining credit, and the unfavourable conditions of certain German provinces. The Trade Commissariat was expressly ordered to bestow contracts upon other countries only under credit, price, quality and delivery conditions which might prove not less favourable than those offered by Germany, which means that in the case of equal terms Germany will lose the contract. This constitutes a hard blow for industry which cannot be held responsible for the over-cautious policy of the German banks.

It can only be hoped that such drastic measures on the part of Russia may be rescinded and the old negotiations in regard to the credit agreement resumed, for a contract prohibition of this kind will have a serious effect on both countries. Quite apart from German interests, it remains highly doubtful whether other countries will be prepared to offer Russia more favourable conditions. In any case Russia's economic position is very serious, and the Chervonetz is threatened, while the State system of economics taken as a whole is not calculated to inspire confidence. The great setbacks and failures of the previous year do not admit of over much optimism in this direction, and the Soviet Government is asking not alone for credits as such, but immediate credit, for which at the moment there are but scanty facilities. Russian-English relations show no improvement and France is suffering under its own currency crisis. Russian prospects, therefore, appear for the moment to be the reverse of propitious. (*Wirtschaftsdienst*, No. 24.)

## INDUSTRY

**Development of State Industries in 1925-26.**—The development of the State production programme for the economic year 1925-1926 gives the following



result during the past half-year (in thousands of pre-war roubles) :—

	Estimated production for 1925-26.	Production in first half-year.	Per centage.
Leather goods industry ...	124,700	71,659	57.6
Textile industry ...	1,154,786	652,345	56.3
Foodstuffs industry ...	217,616	118,591	54.5
Paper goods industry ...	50,695	26,628	52.6
Chemical industry ...	296,582	141,650	47.7
Mining industry ...	550,965	256,090	46.5
Coal output ...	(130,000)	(67,378)	(52.0)
Naphtha output... ..	(179,401)	(80,148)	(44.7)
Naphtha working-up ...	(171,314)	(78,954)	(46.1)
Ore output ...	(25,413)	(10,362)	(40.8)
Coke production ...	(30,786)	(914,356)	(46.6)
Metal industry ...	803,400	357,700	44.5
Timber industry ...	103,105	44,708	43.3
Stones and earth industry	77,166	33,225	43.1
Cement ...	(29,232)	(11,048)	(37.8)
Electrical industry ...	120,000	49,944	41.6
<b>Total ...</b>	<b>3,499,015</b>	<b>1,752,540</b>	<b>50.1</b>

These statistics are accompanied by the following official comment: The most striking feature in the development of the industrial programme is the fact that those industries which feed mass consumption take the most prominent place. In the clothing and foodstuffs industries, for instance, the half-year's programme is exceeded by 5 to 7 per cent. The mining and metal industries, on the other hand, are a little below estimate. The coal output provides an important exception to the rule with a result amounting to 52 per cent. of the year's programme, thereby exceeding expectations. The total result (50.1 per cent.) for all the industrial branches may be considered favourable in consideration of the statistics given above.

A much clearer idea is given, however, if a comparison is made between the output of the first half-year 1925-26 and the corresponding period of the previous year. If the most notable branches of industry are arranged in order of importance, the following table results (in millions of pre-war roubles) :—

	First half-year 1924-25.	First half-year 1925-26.	Per- centage.
Metal industry ...	209.9	357.7	170.4
Stones and Earth industry	19.7	33.2	169.0
Cement ...	(4.8)	(11.0)	(229.2)
Electrical industry ...	32.3	49.9	154.8
Leather industry ...	47.3	71.7	151.4
Chemical industry ...	94.2	141.6	150.4
Textile industry ...	434.9	652.3	150.0
Foodstuff industry ...	82.6	118.6	143.6
Paper goods industry ...	20.3	26.6	131.2
Mining and foundry concerns	196.2	256.1	130.5
Coal output ...	(46.9)	(67.4)	(143.6)
Naphtha production ...	(68.7)	(80.1)	(116.6)
Naphtha working-up ...	(65.4)	(78.9)	(120.7)
Ore production ...	(4.8)	(10.3)	(214.3)
Coke production ...	(6.7)	(14.3)	(213.3)
Timber industry ...	38.5	44.7	116.2
<b>Total ...</b>	<b>1,175.9</b>	<b>1,752.4</b>	<b>149.0</b>

In direct contradiction to the first table, it appears here that the industrial branches of the greatest importance to the Union show a rapidity of development which is much greater than the rate of development of the total State industries. Thus the total production of the metal industry has increased 70 per cent. as compared with the previous year and the coke output has more than doubled. The cement industry, which in the first table is shown as only having developed to 37.8 per cent. of the programme, has nevertheless increased its output by 229.2 per cent. as compared with the corresponding period of the previous year. (*Wirtschaftsdienst*, June 18.)

## AGRICULTURE

**Prospects of the 1926 Harvest.**—It is a well-known fact that the last harvest was a bitter disappointment to the Soviet Government. An increase in the foreign trade turnover from R.1.3 milliards in 1924-1925 to R.2 milliards was expected, the augmented grain export to provide the greater proportion of the increase. Reduced estimates published in February last showed

exports valued at R.720 million, R.200 mill. being supplied by grain exports, whereas the actual results for the first half-year showed grain exports to the value of R.79.5 mill., while the total export returns were valued at R.338.2 mill. As in spite of drastic reduction imports amounted to R.406 mill., the result of the first half-year's foreign trade was a deficit of R.68 mill.

The disastrous results of the bad agrarian statistics of the Soviet Government can thus be plainly seen, results which are all the more serious for a country where the harvest returns are more exposed to the chances of the weather right up to the completion of the storing process than is the case in Western Europe.

As in the previous year the Soviet press is publishing highly optimistic reports of the approaching harvest. The excessively cold and long spring which has threatened Finland's rye harvest has wrought similar damage to the crops of North Western Russia. It has put off the sowing and ripening of summer corn for two or three weeks, which constitutes a further danger in view of the short northern summer. These damages are scarcely mentioned in the reports, and even the devastation caused by the vast floods in the district of the Volga and its tributaries is described as of no importance to agriculture. According to the official reports the cold spring has had rather beneficial than harmful effects upon the winter crops. Their condition according to the five number system (5 = very good, 3 = medium, 2 = below medium) is estimated at 3.3 for the entire Soviet Union as compared with 3.0 at the same period last year. It is indicated as a particularly favourable fact that the crops in the corn-producing districts are in particularly good condition.

The Trade Commissariat Representative, Weizer, recently read a report on the grain sales of the current economic year before the Council for Labour and National Defence. He pointed out that the relatively good grain sales were due to the excellent harvest prospects. Since July 1, 1925, 496.5 million poods of grain and oleaginous seeds have been bought, purchases during the last few months having been largely in excess of the estimated quantity. From February till April 135.7 million poods were disposed of, and a total sale of 586 million poods is reckoned upon up till July. A comparison with the grain sales of 1924-1925 shows the relatively favourable present position, for last year only 322 million poods were sold, sales dropping heavily in the latter months, only 8 million poods being sold in June. According to Soviet papers the peasants have recently brought more grain to market than it is possible to purchase from them, the supply in Moscow being particularly abundant.

The drop in the price of grain has taken place in relation to these developments. Prices rose steadily from last autumn until February, wheat and rye, the main export products, rising so sharply as to make export impracticable. In March grain prices remained steady and they have since fallen. The state purchasing organisations paid for rye 1 rouble 11 kopecks in March and 88 kopecks in May, and for wheat 1 rouble 43 kopecks and 1 rouble 26 kopecks respectively. Prices in the Ukraine, where they originally stood highest, showed the heaviest decrease, while the more moderate prices in Siberia have risen slightly. Thus an equalisation of prices has occurred, whereas in March prices were in some districts double those of others. A spring drop in grain prices also occurred in the year of the bad harvest, 1924-1925. At that time the average grain price in European Russia fell from 2 roubles 61 kopecks in May to 1 rouble 64 kopecks in July. As, however, this year there has been a depreciation in the currency and manufactures are steadily increasing in price the drop in the price of grain is of particular significance.

It is not unlikely that the good harvest prospects indicated in the Soviet press have been as much exaggerated as in the previous year in order to force the farmers to part with their grain and promote a decrease



in prices. The intention is to begin the new grain campaign with the lowest possible prices. The Council for Labour and National Defence is resolved to force down prices with all the means at its disposal, and it is hoped to achieve an average price of 90 kopecks per pood by July.

Although it is impossible to arrive at more definite particulars in regard to the prospects of Russia's coming harvest and the present condition of the crops, it is nevertheless certain that the Soviet Government and the farmers are beginning the new harvest with much greater stocks than last year. Thus, even in case the coming harvest should not surpass the previous one, it should be possible to effect a considerable increase in exports. (*Revaler Bote*, June 25.)

According to the *Hamburger Fremdenblatt* (July 9) the area under cotton cultivation in the current year amounts to 678,503 desjats (88 per cent. of the estimated area). In consequence of the cold spring in Russia's chief cotton producing district, Turkestan, the crops of earlier varieties will be much smaller than was expected. The total harvest is now valued at 9.65 million poods, whereas it was originally estimated at 11 to 11½ million poods. In 1915 the area under cultivation was only as large as in the current year, while the crops were double the size, 21.5 million poods. The falling off in the intensity of Russian cotton cultivation is partly due to decreased irrigation but largely to the splitting up of the big estates. In this respect the agrarian reform has had most unfortunate results.

## CENTRAL AMERICA

### GENERAL

**Trade with the United States.**—According to the statistics compiled and published by the United States Department of Commerce, the total volume of the commercial exchanges between the Central American Republics and the United States in 1925 amounted in value to \$433,982,172, as against \$390,276,910 in the preceding year, thus showing an increase of \$43,705,262 for the year. Of this total the value of imports into Central America from the United States accounted for \$215,355,879, as against \$198,083,160 in 1924, or an increase of \$17,272,719, while the value of exports to the United States amounted to \$218,626,293 in 1925, as compared with \$192,193,750 in 1924, or an increase of \$26,432,543. These figures show that the adverse balance of trade in 1924, which amounted to \$5,889,410, was converted to a favourable balance of \$3,270,414 in 1925. The distribution of the total trade was as tabulated below (in dollars):—

#### Imports from the United States.

To	1924.	1925.	Difference per cent.
Mexico ...	135,074,960	144,716,520	+ 7.13
Guatemala ...	8,823,542	9,382,196	+ 6.32
Panama ...	26,365,846	28,236,418	+ 7.09
Honduras ...	9,100,974	9,571,471	+ 5.16
Salvador ...	6,491,955	9,193,916	+ 41.61
Nicaragua ...	6,250,499	7,434,539	+ 18.94
Costa Rica ...	5,975,384	6,820,819	+ 14.14

#### Exports to the United States.

From	1924.	1925.	Difference per cent.
Mexico ...	167,087,309	178,835,454	+ 7.03
Guatemala ...	10,089,156	11,337,683	+ 12.36
Panama ...	5,003,663	6,430,796	+ 28.52
Honduras ...	5,959,626	8,718,969	+ 46.29
Salvador ...	3,912,310	2,323,424	- 40.59
Nicaragua ...	5,453,167	6,188,436	+ 13.47
Costa Rica ...	4,688,519	4,791,531	+ 2.19

### MEXICO

**The General Situation.**—Steadily and surely Mexico is again making progress in every branch of national and economic life. For over a year the country has been free from violent upheavals and the Government has been able more and more to assert its authority. The task has been far from easy. When the present Government first assumed power the country was indeed

in a chaotic condition. Political disturbances were common; industry and commerce were crippled by the prevailing uncertainty and adverse conditions and particularly by the disorganisation of transport. Large numbers of the smaller industrialists and miners were compelled to leave the country since it was then impossible for them to gain a living. The national finances gave rise to much anxiety and banking generally reflected the instability of Government finances and itself reacted detrimentally upon the various forms of economic life. The country had practically forfeited all foreign confidence.

All that has now been changed; not by the wave of some magic wand, but by steady and honest endeavour in the right direction. The Government lost no time in drawing up a programme of reconstruction and has shown itself steadfast and strong in the execution of this programme. Its activities have been mainly directed towards administrative organisation, the preparation of legislation affecting the economic life of the country, the settlement of labour questions, the improvement of national and private finances, and the development of numerous public works, notably of communications. The misunderstandings with foreign countries have now been cleared up and the diplomatic relations resumed with Great Britain and the United States.

Despite the success of the Government in re-establishing order in matters political, financial and economic, there are huge difficulties still to be overcome. Money is very short; it is reported that the Government may be obliged on this account to postpone the work of constructing new highways, which has already been begun. The Government is making great efforts to increase the yearly revenue, but doubts may reasonably be entertained as to whether the tributary capacity of the population can be stretched to further limits. The minimum income liable to income tax payment has, for instance, been reduced from \$200 to \$170 per month. There is a fear in certain quarters that the Government's endeavours to swell the revenue may occasion dissatisfaction in labour and industrial circles and result in a general increase in the cost of living and consequently in a reduced capacity to pay the taxes. In regard to the currency it is interesting to note that during the past year the Mexican dollar was characterised by greater stability than for many years previous.

The mining industry in general has been through a fairly satisfactory period, a fact that has been reflected in the better quotations for most of the mining shares. The prices obtained for Mexican silver and zinc have been particularly good. In several branches of industry, notably in textile and leather manufactures, business has been irregular; but the outlook is not at all dismal. The reports of the petroleum production in 1925 are somewhat conflicting. Some state that the production was higher and others that it was lower than in 1924.

# The Czechoslovak Market

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It appears beyond dispute, however, that the industry has been through a bad period, but that there are now signs of a steady revival. Most of the more recent labour troubles in the country have been of a local character, yet sufficiently grave to affect various branches of activity. Thus, the trouble at Vera Cruz, which led to shorter hours for the workers there, has practically arrested the traffic at that port to the advantage of Tampico. This and a prolonged strike at a large oil refinery are given as reasons for the Mexican Railway's bad second half-year for 1925. It would seem that much of the advanced labour legislation that has been introduced is rather premature, since the country is generally not prepared for it.

The main conclusions that may legitimately be drawn from the existing conditions are: order has been re-established and the country is on the right road to further progress; the difficulties are great, but not such as may reasonably be expected to be overcome; the developments, though healthy enough, are such that it will probably be a considerable time before there are again great opportunities for foreign trade and enterprise in Mexico, apart, perhaps, from the insurance business in which a certain liveliness is already apparent.

**Reconstruction.**—In an address to the 'Texas Bankers' Association Señor Alberto Mascareñas, managing director of the Bank of Mexico, dealt at some length on the work of reconstruction that has been undertaken by the present Mexican Government. The full report of the address is published in the June issue of *Mexico*, from which we have extracted a few salient points.

In order to contrast the present with the past state of affairs, Señor Mascareñas mentioned that when the Government of President Calles took office a year ago last December it was confronted with all the appalling economic, financial and social wreckage which nearly fifteen years of revolution had strewn in its wake. The financial and credit structure of the country had been razed to the ground. Few of the banks survived and of those which remained there were none in a position to exercise more than a negligible influence in ministering to the legitimate ends of commerce and industry. Under the Diaz régime, the issuing of bank bills was highly profitable to the banks which enjoyed a monopoly of the right. Unfortunately many of them were tempted to inflate their issues and devote the proceeds to speculative and hazardous transactions. It was proved, too, that during the Huerta administration the old banks with few exceptions had exceeded the legal limit in issuing notes, or had in other ways flagrantly disregarded the provisions of the banking laws and of their charters. When General Carranza, in the name of the Government, took over the banks of issue, he acted strictly in accordance with the laws which then existed, in response to the unlawful conditions which had been produced by the banks themselves.

The essence of the reconstructive policy of the Government might, he said, be summed up in a few sentences. The Bank of Mexico was the keystone of the financial fabric of the country. The principal concrete and determining factors of the plan were correlated, co-ordinated and economically inter-dependent. In the first place there was the Bank of Mexico, already in successful operation; then the Bank of Agricultural Credit, inaugurated on March 10 last; thirdly, the General Warehousing and Deposit Company, which was in progress of organisation; fourthly, the Popular Bank for savings and for financing small industries; fifthly, the Federal irrigation and agricultural development programme, for which works contracts had been signed with one of the largest engineering corporations in the United States; and last but not least, the renewal of the foreign debt service. All these fitted into and supplemented one another logically and scientifically.

Señor Mascareñas then explained the foundation and the working of the Bank of Mexico and the Agricultural

Credit Bank, which subjects have been dealt with in previous issues of *THE ECONOMIC REVIEW*. His remarks on the General Warehousing and Deposit Company and the Popular Bank are worth noting. The mission of the Company in question is, it seems, to supply accommodation and relief to manufacturers, merchants and others who require facilities for negotiating loans upon manufactured goods or purchased stock, for which there is not an immediate and profitable market. It supplies a sorely needed propulsive factor in the economic life of Mexico. In regard to the Popular Bank, there were, previous to its foundation, no incentives for the Mexican wage-earner to save, at least not through the existence of soundly organised and well-managed savings banks. There was no place for him safely to deposit his money; either he did not save at all or he was compelled to bury his money or secret it about his dwelling, where it remained unproductive and exposed to the risk of being stolen. The workers are now encouraged to save systematically and to a purpose. The Government's scheme affords great assistance to the thousands of small industrialists who have hitherto been hampered by lack of capital, which could be obtained only with extreme difficulty at exorbitant rates on interest from the local money-lender.

Linked up with these four banks and organisations for the stimulation of commerce, agriculture and industry are the road-building, irrigation and agricultural enterprises of the Government, all of which are being financed wholly from the income of the Government, from the proceeds of the drastic economies in administration that have been effected by President Calles.

In an interview granted to *The Review of South and Central America* (No. 7), Señor Gilberto Valenzuela, Mexican Minister in London, also emphasised the importance of the present work of reconstruction in Mexico. In one year, he said, a surplus of 100 mill. pesos had been obtained, with which the Bank of Mexico was established without asking for foreign money. The public works policy of Mexico was a vigorous one. This year \$20 mill. was to be spent on irrigation works that would bring 850,000 acres of land under production. Road construction demanded \$2 mill. a month and found work for 20,000 men.

**Foreign Debt Payment.**—The Mexican Government recently announced that it had paid 11 mill. pesos in respect of foreign debt. This announcement is now confirmed by the International Committee of Bankers in Mexico and notification has been given to depositors under the 1922 modified agreement to present warrants for payment, the cash being, it is stated, already deposited with the Bank of Mexico. The Committee announces that sufficient funds have been received to meet unpaid cash warrants on deposited bonds of the issues forming the direct debt of the Mexican Government which matured on July 1, 1924. The Railway Company has also made considerable remittances, but not yet to the extent of meeting the service for a full half-year.

**Customs Receipts in 1925.**—The gross receipts collected by the Mexican Customs offices in 1925 amounted to 109,218,976 pesos, as against 90,988,078 pesos in the preceding year, representing an increase of 18,230,898 pesos for the year. According to the Ministry of Finance the months which yielded the best results were: March, with a total of 10,572,767 pesos; May, 10,396,957 pesos; June, 9,868,310 pesos; April, 9,556,214 pesos; December, 9,469,389 pesos; and July, 9,113,834 pesos. (*El Trabajo Nacional*, May.)

**New Dockyard at Vera Cruz.**—The Mexican Government has signed a contract with a well-known German firm for the construction of a new dockyard at Vera Cruz, in which a sum of 3 mill. pesos is to be invested. The work on this dockyard is to be begun during the course of the present year. In the new yard it will be possible to build vessels up to 1,200 tons. The



Government has also contracted with the same house for the construction of ten gunboats, fitted with Diesel engines, and ten coasters of 1,270 tons. It is further making arrangements for the acquisition of ten hydro-planes of 30 h.p. (*El Universal*, May 10.)

**Foreign Trade in 1925.**—Although the final tabulation of the foreign trade returns for 1925 has not yet been completed in Mexico, the Consul General of Mexico at London has kindly supplied us with the following figures covering the imports and exports of Mexico in 1925, as compared with 1924 (in Mexican dollars):—

*Summary of commercial exchanges with principal countries.*

	Imports.		Exports.	
	1924.	1925.	1924.	1925.
Argentina	219,629	623,377	7,519,079	9,566,757
Belgium	2,135,905	3,096,152	2,135,905	8,038,556
Canada ...	2,192,122	3,175,916	3,435,790	4,004,339
Cuba ...	75,852	113,700	16,114,341	19,500,943
France ...	16,057,137	18,702,989	8,380,815	10,145,429
Germany	23,203,101	29,690,760	17,534,442	29,319,475
Great Britain	22,535,049	31,175,216	34,611,318	44,931,609
Holland...	1,194,307	1,514,382	5,322,967	9,781,299
Italy ...	1,758,367	2,990,310	1,800,851	629,642
Japan ...	713,726	1,479,058	—	32,990
Panama	262	12,200	2,221,957	3,626,130
Spain ...	7,476,839	8,009,144	4,181,387	1,115,111
Sweden ...	820,853	1,429,657	6,255	41,888
Switzerland	3,065,657	4,174,647	559	435
Un. States	233,194,744	278,345,568	493,223,883	516,030,233
<b>Totals</b>	<b>321,317,648</b>	<b>393,006,963</b>	<b>614,712,515</b>	<b>676,660,232</b>

*Summary of imports according to the main headings of the Mexican Custom House tariff.*

	Value in Mexican dollars.	
	1924.	1925.
<b>1. Animal.</b>		
1. Live stock...	2,870,806	5,671,790
2. Animal products ...	25,778,347	35,214,941
3. Artefacts and manufactures	6,510,102	8,200,614
<b>Total ...</b>	<b>35,159,255</b>	<b>49,086,924</b>
<b>2. Vegetable.</b>		
1. Textile fibres	1,302,757	2,620,223
2. Foodstuffs	14,456,767	20,018,231
3. Sundries (mostly raw materials)	2,302,858	3,249,187
4. Vegetable products	11,386,080	10,805,335
5. Woods	9,052,296	9,402,097
6. Various artefacts	6,075,476	6,630,209
<b>Total ...</b>	<b>44,576,234</b>	<b>52,725,282</b>
<b>3. Mineral.</b>		
1. Artefacts of gold, silver and platinum	2,651,614	10,999,195
2. " of copper and alloys	5,934,897	6,615,060
3. " of tin, lead and zinc	1,643,600	1,905,993
4. " of iron and steel	33,510,285	39,311,030
5. " of aluminium and other metals	288,598	346,656
6. Minerals	28,234,443	25,509,120
<b>Total ...</b>	<b>72,263,437</b>	<b>84,687,054</b>
<b>4. Textiles and their manufactures.</b>		
1. Cotton	26,865,068	37,111,259
2. Linen	2,157,339	2,429,826
3. Wool	6,250,364	7,488,342
4. Silk and its mixtures	3,962,220	4,935,924
5. Artificial silk	4,908,466	5,981,240
<b>Total ...</b>	<b>44,143,457</b>	<b>57,946,591</b>
5. Chemical products and drugs	21,981,109	22,834,577
6. Beverages (alcoholic and non-alcoholic)	4,521,808	5,019,506
<b>7. Paper and its manufactures.</b>		
1. Waste and pulp for its manufacture	762,756	1,006,001
2. Paper and cardboard	2,497,512	3,131,498
3. Manufactured paper (stationery)	2,611,493	3,035,995
4. Manufactures of paper	3,804,112	4,814,706
<b>Total ...</b>	<b>9,675,873</b>	<b>11,988,200</b>
8. Machinery and tools	39,940,033	45,493,114
9. Vehicles	24,260,757	33,789,432
10. Arms and explosives	3,991,658	4,787,577
11. Various	20,804,027	24,648,598
<b>Grand total of all imports</b>	<b>321,317,648</b>	<b>393,006,856</b>

*Summary of exports according to the main headings of the Mexican Custom House tariff.*

Value in Mexican dollars.

	Value in Mexican dollars.	
	1924.	1925.
<b>1. Animal.</b>		
1. Live stock ...	704,113	1,048,134
2. Animal products ...	4,278,387	8,401,163
<b>Total ...</b>	<b>4,982,500</b>	<b>9,554,110</b>
<b>2. Vegetable.</b>		
1. Textile fibres	42,137,733	46,713,734
2. Foodstuffs	33,264,750	47,358,685
3. Sundries ...	9,317,492	9,457,184
4. Vegetable products	11,400,841	16,097,507
<b>Total ...</b>	<b>96,120,816</b>	<b>119,627,110</b>
<b>3. Mineral.</b>		
1. Gold and silver ...	122,160,315	132,598,340
2. Industrial metals ...	94,123,779	111,199,194
3. Various ...	667,067	435,664
4. Fuel oil and derivatives ...	293,350,613	299,234,491
<b>Total ...</b>	<b>510,301,774</b>	<b>543,467,689</b>
<b>4. Various manufactures.</b>		
1. Beverages and tobacco ...	120,292	268,424
2. Sundries ...	3,187,133	3,742,899
<b>Total ...</b>	<b>3,307,425</b>	<b>4,011,323</b>
<b>Total of all exports</b>	<b>614,712,515</b>	<b>676,660,232</b>

**Petroleum Output and Exports in 1925.**—The total production of petroleum in Mexico during the past year amounted to 18,364,817 cubic metres, or 115,514,700 barrels, to the value of 299,268,632 pesos, as against 91,351,206 barrels to the value of 272,084,563 pesos in 1924. During the twenty-five years that the petroleum industry has been actively engaged in Mexico the total output of petroleum has been 208,337,096 cubic metres, or 1,310,506,324 barrels, to an aggregate commercial value of 2,244,802,338 pesos. (*Informaciones*, June 1).

This statement as to the increase in the production of petroleum in 1925 as compared with the preceding year is in contradiction to the information supplied by the Mexican Consulate General at Hamburg to the *Wirtschaftsdienst* of July 16 last. The statement in question shows that the production of petroleum considerably declined in 1925, reaching the lowest point in September last with only 7,550 barrels, since when an improvement has set in, the output rising to 8,008 mill. barrels in October, 8,611 mill. in November, 9,242 mill. in December, 9,519 mill. in January 1926, and 8,546 mill. barrels in February.

The report issued by the Department of Industry and published in *El Universal* of Mexico City, states that there was a decline of 24,851,108 barrels in production and of 33,182,738 barrels in the exportation of petroleum in 1925 as compared with the preceding year. The figures for 1925 are, however, based partly on estimated quantities and are therefore subject to revision. The report gives the following comparative figures:—

	1924.	1925.
Petroleum output (barrels)	139,678,294	114,827,186
" exports (barrels)	129,699,738	96,517,000
Number of new wells ...	296	299
Average daily output of new wells (barrels)	3,384	3,668
Number of wells abandoned ...	403	498

According to *Mexico* of June last, the geologists who have been making surveys in the northern part of the country have discovered large deposits of oil. These deposits are not thought to be a break from the oil deposits in the United States; but their proximity to the frontier will probably facilitate exploitation and exportation.

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## THE ECONOMIST'S BOOKSHELF.

### THE ORIGIN OF TRADE.

**Primitive Trade, Its Psychology and Economics.** By ELIZABETH ELLIS HOYT, A.M., Ph.D. (London: Kegan Paul, Trench, Trubner & Co., Ltd. Price, 7s. 6d. net.)

Elizabeth Hoyt has set herself the problem of discovering the ideas which lay behind the first or most primitive commercial transactions. She approaches the problem through anthropological sources. In surveying untutored mankind from China to Peru, Miss Hoyt has encountered a remarkable diversity not only of custom and procedure, but of basic conceptions or fundamental instincts concerning the simplest necessities of life. The diaries of explorers and reports of anthropologists provide the main evidence on which the author must rely.

A thorough examination of these sources of information reveals that early economic development does not proceed by regular stages, that the reactions of social and commercial relations produce not only diverse but opposite results, and that commercial instincts are awakened rapidly.

Although the results of these investigations would seem therefore to be purely negative, some general conclusions may safely be inferred although not actually drawn. It is not to be expected that the investigator of these particular problems will achieve more than provide ground from which further investigations can be satisfactorily achieved. Research, however accurate and painstaking, cannot always give definite positive results in a short series of investigations. If the results obtained enable future investigators to find the truth, a distinct advance has been made.

The suggestion that trade originated from gifts will appeal very much to the layman who is not cognisant with the psychological conditions precedent to the commonplace buying and selling of everyday life. It seems reasonable enough to find that there are two separate ideas behind gifts—tribute and barter. Amongst equals some return beyond gratitude would naturally be expected. It is a short step from exchange of gifts to barter. Moreover commodities donated would frequently be commodities of which the donor had a superfluity.

Miss Hoyt has treated the subject in the most interesting way. She has not overburdened the work with quotations from her anthropological sources. She has steadily pursued her subject and handled her varied material with the greatest ingenuity. She has set out with the object of discovering the truth about primitive trade. No prejudices emerge to deflect her from her course. One seldom finds evidence used in so satisfactory and straightforward a manner. In addition to the excellent arrangement she writes well, though there are occasional lapses. The book belongs to the field of psychology rather than to economics. As technicalities are rare it is not difficult reading. One feels that Miss Hoyt had made the subject as clear as possible. The obvious quality of the work should ensure that it will attract considerable attention. It is to be hoped that Miss Hoyt will pursue still further her very interesting investigations. D. M. S.

### THE EVOLUTION OF ITALY.

**Italy, the Central Problem of the Mediterranean.** By Count ANTONIO CIPPICO. (New Haven, U.S.A.—London: Humphrey Milford, Oxford University Press. Price, 10s. 6d. net.)

Count Antonio Cippico, an Italian Senator, delivered six lectures on the above subject at Williamstown, Massachusetts. The book represents their publication. The lecturer has played some part in recent political developments in Italy. His lectures represent an attempt to explain the historical and geographical interactions which underlie the policy of Fascism. The

first two chapters give a brief, clear and rhetorical account of the evolution of the Mediterranean nations and the national rivalries in the Mediterranean. Count Cippico covers in a very short space more than a thousand years of eventful history. This sketch or outline, which is an admirable summary of the period, paves the way for a statement of the present position, which constitutes the problem.

By her possession of Suez and Gibraltar Great Britain holds the keys of the Mediterranean and regards this inland sea as an instrument for the defence of her Empire. Italy must act in accordance with the iron necessity of her geographical position. Outlet must be found for the growing Italian population. The present lack of equilibrium which compels Italian emigration to foreign countries causes a regular serious loss to Italy through their rapid assimilation in the country of habitation. Moreover the presence of large numbers of Italians resident in foreign countries handicaps Italy's freedom of political action. Under the guiding hand of Fascism Italy has consolidated her position in Europe. Strong government has restored Italian pride. Italians will no longer be hewers of wood and drawers of water for foreign taskmasters. Emigrating Italians must retain their nationality either by the cession to Italy of some under-developed and under-populated countries as colonies, or by some grouping system in a thinly-populated country. The author does not suggest any *modus operandi* by which this cession or concession could be achieved, but states a critical situation may arise if neither of the measures is taken and the doors of foreign countries remain closed to Italian products and labour.

The remainder of the book deals with the growth of Fascism and demonstrates the progress made in numerous directions since the establishment of the Mussolini régime. The national finances are now in good order. In particular the railways have ceased to be a burden on the national accounts; at the same time services are more efficient. Italian agriculture and industry have both developed enormously. The reduction of stoppages due to industrial discontent must have contributed to this end. The change in Italy from 1921 to 1926 is attributed to the substitution of strong government for weak government. If the change has brought with it a temporary diminution of individual liberty the author brushes it aside.

Count Cippico's opinions are frankly imperialistic, though he pays the usual lip service to the cause of peace and a left-handed compliment to the League of Nations. He feels aggrieved because the Peace Treaties have not satisfied Italy's new aspirations. The reader will form his own opinions about these grievances. The statement of them is clear, logical and eloquent. Count Cippico writes brilliantly. He is a master phrase-maker. Everyone who reads the book will enjoy it. D. M. S.

### PUBLICATIONS RECEIVED.

*An Academic Study of Some Money Market and other Statistics.* By E. G. Peake, O.B.E., M.A., LL.B. Second edition. (London: P. S. King & Son, Ltd. Price, 15s. net.)

*International Labour Review.* July 1926.—International Labour Office. (Geneva.—London: George Allen and Unwin, Ltd. Price, 2s. 6d.; annual subscription, 24s.)

*Journal des Economistes.* July 15, 1926. (Paris: Librairie Félix Alcan. Price, Fr.9; annual subscription, Fr.70.)

*Journal of the Royal Statistical Society.* May 1926. (London. Price, 7s. 6d.)

*Neue Grundlagen der Handelspolitik.* Edited by Franz Eulenburg. Part III., Vols. I. and II. (Munich and Leipzig: Duncker & Humblot. Price, Mk.10 and Mk.3.50.)

*Report on the Industries and Commerce of Spain, 20th April, 1926.* By Captain U. de B. Charles, C.B.E., Commercial Secretary to His Majesty's Embassy, Madrid.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. 6d. net.)

*Sociala Meddelanden utgivna av K. Socialstyrelsen.* 1926, No. 7. (Stockholm: P. A. Norstedt & Söner. Price, 50 öre; annual subscription, Kr.5.)

*The Marketing of Farm Produce.* By F. J. Prewett, Agricultural Economics Research Institute, University of Oxford. Part I.—Live-stock. (Oxford: The Clarendon Press.)



# STATISTICAL SECTION

## THE TRADE BAROMETER

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

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

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

TABLE I.

Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.
1920.			1923.								
Jan. 16	367.9	296.6	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
May 14	391.2	325.5	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921.			May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
Apr. 15	202.8	204.8	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926.		
July 15	194.4	194.1	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Oct. 14	170.2	180.7	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 16	153.2	167.9	Oct. 19	166.0	158.1	1925.			Mar. 12	146.1	144.4
Dec. 30	150.0		Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	April 16	148.1	143.6
1922.			Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	May 21	150.2	144.9
Jan. 20	144.0	164.0	1924.			Mar. 13	172.8	166.3	June 18	151.7	146.5
May 19	162.1	160.6	Jan. 18	178.6	165.4	April 17	161.9	162.5	July 9	152.0	
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	158.7	159.0	" 16	153.9	
Sept. 15	161.2	154.3	Mar. 14	182.1	165.4	June 19	160.6	157.6	" 23	154.5	
Dec. 15	161.2	155.8									

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
" 23 ...	80.0	171.6	60.4†	123.7	86.7	100.0	97.1	132.0	100.0	78.8	103.03	" 23

† 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- tri-als.	Bonds.*	Indus- tri-als.	Gilt edged.		Week ending	Indus- tri-als.	Bonds.*	Indus- tri-als.	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	<b>137.8</b>	117.5
Aug. 20	<i>80.3</i>	90.4	105.4	93.3		June 6	158.2	<b>105.3</b>	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	<b>117.9</b>		Aug. 1	165.8	<i>101.5</i>	122.2	115.7
Sept. 16	123.8	<b>107.6</b>	115.2	112.5		" 22	176.2	102.5	126.3	<b>117.3</b>
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	<b>129.2</b>	98.5	129.3	117.0		" 9	196.1	103.6	<b>135.1</b>	113.1
" 24	127.3	<i>97.8</i>	129.0	118.1		Feb. 13	<b>199.9</b>	104.9	132.0	114.8
Apr. 28	124.1	99.3	<b>137.9</b>	122.8		Apr. 17	168.7	106.9	121.8	113.3
June 9	119.7	100.8	130.6	<b>123.5</b>		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 10	191.2	106.4	124.8	113.7
June 21	115.3	103.3	<i>118.2</i>	118.0		" 17	195.8	106.1	122.7	113.5
Nov. 8	130.1	103.7	133.7	<b>120.4</b>		" 23	190.6	106.4	123.1	113.5

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



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