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COMMENTS

News from Russia continues to be very contradictory and leads to much speculation in the European Press as to the developments that are to be expected in that unfortunate country. The position of Trotzky, who is said to have fully recovered his influence over the Red Army, seems particularly puzzling; it is rumoured that for a moment he even considered the idea of marching against Moscow at the head of a few faithful regiments. Russia has always been described as "a country of unlimited possibilities," and to-day this is even more so than ever before. It is not unlikely, therefore, that at least some of the rumours are true. But what really matters is to be found elsewhere—in dry and solid figures published by the Bolsheviks concerning the last election. These figures may be admittedly unreliable (Russian statistics never have been reliable, even before the Soviets came to power), yet they are the best it is possible to get. One might have expected the Soviets to have altered them for their own particular party interests. Yet the curious thing is that, like many other Soviet statistics we have quoted in this journal, they give a picture that is most unfavourable to the Soviets. They reveal two striking features: first, that a far higher proportion of the population is voting now than in the preceding four years and further that the number of peasant voters is rapidly increasing. Four years ago only 22.3 per cent. of the village voters exercised their rights: this year it was 47.7 per cent.; in the towns there voted four years ago 36.5 per cent., and this year 48.7 per cent. The *Pravda* is greatly distressed about this increased influence of the village. It complains that in the villages Communists are but following the masses instead of leading them, while in the cities even the proletariat has changed a great deal. "Simultaneously with these features," writes the Communist paper, "one can observe the gradual growth of a small city bourgeoisie, the N.E.P. man, the rich peasant, who endeavour to permeate all our organisations and who occasionally do it in an extremely cunning way." We think that these few solid facts are infinitely more important and promising than the much commented dissensions in the Communist Party, although this strong party crisis will, no doubt, in the long run work out for the good of Russia.

An interesting further step towards the settlement of the peculiar relations that exist between Soviet Russia and the Baltic countries was reached recently when Estonia, Latvia and Finland sent a joint note to the Soviet Government in reply to the latter's offer of certain guarantee pacts. The note emphasises the importance of this problem and suggests the formation of a commission to study the question. It seems that the new Estonian Government is particularly anxious to have a definite settlement with the U.S.S.R., and that at the same time it desires to promote a better understanding and closer co-operation between all the Baltic countries. Lithuania and Poland, particularly the former, have also shown certain signs of activity in that direction. But Tchicherin has declared that he does not believe in the peaceful intentions of Poland, and according to the German Press great military forces have been gathered by the Soviets near the Polish frontier. With Europe

in its present state of economic and financial crisis it is to be hoped that the good spirit shown by the Baltic countries will have its results, and that even Poland may eventually establish a state of real peace with her neighbours.

THE successful completion of the work of the two League of Nations Commissioners General, Mr. Jeremiah Smith for Hungary, and Dr. Zimmerman for Austria, marks an important move towards the general economic rehabilitation of Europe, and, at the same time, affords a striking contrast to the attempts towards stabilisation made in certain other countries. As in the case of Germany and Danzig, the work of stabilisation in Hungary and Austria has been supported by international action. The work at Danzig has been crowned with success, while in respect to Germany the Agent General for Reparation Payments reports the punctual fulfilment of Germany's obligations and also the consolidation of her financial strength. The final reports of Mr. Jeremiah Smith and Dr. Zimmerman for Hungary and Austria respectively reveal the equally happy results of international action in those countries. In each instance the national currency had become completely demoralised and the economic conditions reduced to confusion before the League of Nations decided to assist in the work of reconstruction. In the case of Hungary and Austria the national currency had fallen to approximately one fifteen-thousandth part of its normal value, the budgets were in a hopeless state with overwhelming deficits, and trade and industry were completely disorganised. What appeared to many to be a useless task was undertaken, and these currencies have for some time past been firmly stabilised, the budgets balanced on a sound and lasting basis, financial equilibrium restored and industry and commerce set upon the road of steady progress. For such happy results much credit is doubtless due to the splendid work and to the personality of the Commissioners General, and we should like to join in the general congratulations that Mr. Jeremiah Smith and Dr. Zimmerman have so rightly earned. Apart from the personal work, the schemes put into operation on the initiative of the League of Nations were thoroughly sound and calculated to benefit not only the countries directly concerned, but also the whole of Europe. Results have shown that the calculation was well-founded. In comparison with what has been achieved with the assistance of international support in the four countries above mentioned, the results in other countries are most unsatisfactory. For a time it appeared that the attempts to stabilise the Polish zloty would prove successful; but of late the failure of these attempts has become apparent. The fatal course of the French franc, dragging the Belgian currency in its train, has been most disturbing; the Italian lira has proved uncertain; there has been a heavy fall in the Greek drachma, and a weakness in the Russian chervonetz. These conditions are fairly typical of the instances where there has been no international assistance and partial control. There are still several countries, notably Bulgaria which has been granted a League of Nations Loan of £2,250,000, whose condition calls for immediate attention. Until the finances of all countries are stabilised upon a sound basis

there can be little hope of general economic progress in Europe. More and more Europe is becoming an economic unity; there still remains much to be done by international effort in those countries that have not yet been able to overcome the huge difficulties bequeathed by the war.

For the first time since November last, Germany's balance of foreign trade in June shows an excess of imports over exports amounting to Rmk.33 million. As compared with the preceding month, imports have increased by 89 millions, while exports are 30 millions higher. On the whole these figures do not indicate any unfavourable change in German economic conditions. The excess of imports is regarded as being due chiefly to a relatively heavy increase in the import of raw materials, and from this it may be inferred that a number of manufacturing industries are again actively employed. The rise in the import of foodstuffs is considered to be purely seasonal and may be expected to slacken down gradually. Copper imports increased from Rmk. 14,600,000 in May to Rmk.20,400,000 in June. The corresponding figures for cotton imports were Rmk. 30,300,000 and Rmk.33,200,000 respectively. Imports of wool show the largest increase, the June figures exceeding the high monthly average for 1925. The rise in imports of hides and skins seem to indicate a revival in the leather goods and fur trades. Total imports during June amounted to Rmk.791,900,000, as against Rmk.758,700,000 of exports. Since the beginning of the year, however, exports of manufactured goods have remained almost stationary, their volume being about seventy-five per cent. of the pre-war trade.

DURING the latter weeks of July the money market in Germany entered upon a calmer period, the payments on the German position of the Vereinigte Stahlwerke A.-G. loan hardly making any impression upon the market. This remark also applies to the heavy contango business in connection with middle of the month settlements. These amounted to something between Rmk.180 and Rmk.200 million, as compared with 150 million at the end of June. The investment market is preparing itself for the prospective new loans that are to be issued for the financing of public work destined to relieve the labour market. The State of Prussia issued recently, for general purposes, Rmk.40 million of $6\frac{1}{2}$ per cent. Treasury Bills due on October 1, 1930, at the price of $99\frac{1}{2}$ per cent. The issue was very easily placed. A new issue of Reich Treasury Bills is shortly expected. These rather heavy public demands on the market, together with the requirements for the new crop, will probably act as a check to any tendency towards a lowering of interest rates. On the Stock Exchange speculative commitments have decreased considerably. After some fluctuation, the prices of leading shares have given way slightly. As regards the Aniline Trust shares, the hopes that were founded on the large increase of capital have met with disappointment since only a small portion of the new capital required for amalgamation with the Köln-Rottweil A.-G. will be offered to the shareholders. According to information given to a general meeting of its shareholders, a future amalgamation with the Dynamite Nobel and the Rheinisch-Westfälische Sprengstoff Companies is being considered, and this, it is believed, will lead to close relations being established with the British and American groups which hold substantial blocks of Köln-Rottweil and Dynamite Nobel shares.

RECENT developments in France and their stimulating effect upon the franc have again raised the question of the practicability of the early stabilising of the French currency upon a gold basis. The American view is reflected in the August Bulletin of The National City Bank of New York, which discusses the present crisis and the events leading up to it. The suggestion is made that the present moment is opportune for absorbing the franc currency at approximately the prevailing exchange value into a new monetary unit, the stabilisation to be

effected upon the gold reserves of the Bank of France. This might be done if no embarrassing demands were made upon the Bank on account of its connections with the Government. As a first essential towards such a change the new Ministry would have to inspire general confidence in its financial policy. Failing this, the Bank of France could open a new department for doing business solely and wholly on a gold basis, for which purpose it would issue new currency redeemable in gold. This, however, would not remove the problems of dealing with the old currency and old debts, both public and private, which are payable in that currency. On the other hand, the creation of a new currency would enable the Bank of France to free itself from the overhanging liabilities of the Treasury. Moreover, it could then, on its extensive gold reserve, furnish the French commercial interests (the Bank is primarily a commercial institution) with a sound currency. The National City Bank recognises that it is a very serious matter to alter in any way the money of a country, which is the basis of all contracts, including the public debt, but with francs down from 19.3 cents to 2.5 cents in the market place, it is too late to talk about saving it inviolate. Even in the internal circulation the franc is probably not worth more than one-fifth of its pre-war value, and this is all there has been any recent possibility of saving. In the unanimous opinion of the Committee of Experts a readjustment of the value of the franc currency to gold cannot be avoided. Such readjustment would imply a formal recognition of all losses suffered since the beginning of the war. Despite the loss, France would probably stand to gain by an early stabilisation on a gold basis.

ON August 12 the "West Continental Steel Bloc" becomes an established fact. The agreement is valid for a period of three years. The countries interested in this pact are Germany, France, Belgium, Luxemburg and the Sarre. Great Britain, it will be noted, remains outside the agreement. The arrangement that has been entered into means a control of production and of prices, with the consequent elimination of free competition in the open market, such as hitherto has been the rule. The first result of this new pact is expected to be an early rise in the quotations for raw steel, the estimated increase being between 20 and 30 per cent. of the current rates. In normal times the decision of Great Britain to remain independent of this *bloc* would cause grave misgivings on the Continent. The present conditions in Great Britain appear, however, to have allayed any fears there may have been abroad as to British steel proving a formidable rival to that of the combine in the world market for some time to come. In short, it is considered that the prolonged coal strike and the consequent stagnation in the British steel trade are likely to cripple British activities in the foreign market. Unfortunately there is some foundation for this view. The German Press does not conceal its pleasurable expectation respecting this pact, for it sees the grand opportunity for the rapid development of Germany's steel industry and export trade just at the moment when her greatest rival is in the throes of internal difficulties. Great Britain's reluctance to join this new combine is quite comprehensible. British industrialists have invariably preferred their traditional freedom of action to being party to any Continental union which would involve certain restrictions of activity. In this particular case the question of national quotas also proved an insurmountable obstacle. Under normal conditions we should not entertain the slightest doubt as to the British manufacturers being able to hold their own in the steel market. But as things now are we cannot subscribe to foolish optimism in regarding the future with equanimity. The coal strike has inflicted serious injury upon the British steel industry, among many others, and it will, we fear, be a considerable time before we can rehabilitate ourselves in the world market. Meanwhile, the Continental industrialists will probably enjoy a fair period of prosperity, Great Britain's share as well as their own.

SPECIAL ARTICLES

M. POINCARÉ'S REMEDIAL MEASURES.

(COMMUNICATED.)

The remedies devised by M. Poincaré for the monetary ills of France are identical with the recommendations embodied in the Report of the Committee of Experts: super-equilibration of the Budget, national debt redemption, settlement of interallied indebtedness, restoration of public confidence, and, finally, stabilisation of the franc. Like the Experts, M. Poincaré rejects inflation, forced consolidation and compulsory conversion. M. Caillaux also shared the views of the Experts, and intended to apply the remedies proposed by them. There is, however, a considerable difference between the plan put forward by M. Caillaux and the one produced by M. Poincaré. The remedies are the same, but the methods of applying them are different.

Various circumstances explain this difference of method. When M. Caillaux produced his plan, the £ sterling was at about 170 to 180, and he thought to stabilise it at a little below that rate. When M. Poincaré stepped into power the £ was over the 200 mark. Moreover, since M. Caillaux submitted his proposals a distinctly hostile feeling has made itself manifest in Parliament to the acceptance of the hard terms offered France for the opening of foreign credits. To the mind of the majority in Parliament these conditions might be made considerably easier were it made clear that France has no immediate need, at any price, of foreign loans for the restoration of her finances and her currency. Further, it is certain that it would be found very difficult to get the Chamber to ratify the Bérenger-Mellon agreement unless some means were found of solving the question of the transfers,—in other words, if an assurance were not forthcoming that the transfer of dollars involved in the carrying out of the agreement will not lead to a fall in the rate of the franc and to the defeat of the currency reform which France is endeavouring to realise. The necessity of further negotiations, however, will prevent any immediate grant of loans from the United States. But it must be remembered that both M. Poincaré and his right-hand man in matters of finance, M. Bokanowski, have always held that the loss of public confidence is one of the principal causes of all the financial ills of France. It was loss of confidence that led to the exportation of capital, to the demand for repayment of National Defence bills, to the sale by foreigners of their holdings of francs. The recovery of the currency can be far more thoroughly realised by the restoration of public confidence than by attempts to influence the market with the help of gold borrowed abroad,—attempts the usefulness and even the necessity for which M. Poincaré has never questioned.

The above will explain the ideas that are at the root of M. Poincaré's plan. According to him a renewal of public confidence will help the revalorisation of the franc, the present rate of which must not be taken as the rate at which it is to be stabilised. He is convinced that a general feeling of confidence will materialise once public opinion is satisfied, first, that there is an end to Budget deficits, and secondly, that the danger to the national finances arising from the cashing of National Defence Bills has been finally eliminated. M. Poincaré's plan, then, consists first of all in establishing the super-equilibration of the Budget and in creating a Sinking Fund. In his opinion these are the most urgent measures. But they are only initial steps in the process of financial reform. Several other important questions will then have to be taken in hand: the settlement of interallied debts, the building up of a gold reserve for the protection of the franc, a new agreement with the Bank of France, etc. Then will come the work of stabilisation, which will bring his task to an end.

Speaking in the Chamber of Deputies, M. Poincaré stressed the fact that there is complete agreement

between his plan and that of the Committee of Experts. "The Experts," he declared, "have stated, substantially, that there is a more or less distant object (by no means an immediate object) which we must always keep in sight, and that is the stability of the currency. But, they added, this stability can only be the outcome of preliminary measures, the necessity for which is obvious. Two of these preliminary measures, and, according to the Experts the two most necessary ones, are the complete equilibration of the Budget and the relief of the Treasury." M. Poincaré further stated: "Before stabilising the franc we mean to rehabilitate it to the greatest extent possible. The restoration of the currency, the improvement of the franc, will be the first step towards stabilisation, at which we must all aim." It would serve no purpose to consider in detail such parts of M. Poincaré's plan as are already known or have been already put into operation: the English Press has dealt with them at ample length. It will suffice if we recall them briefly.

The financial proposals of the Government, passed by the Chamber, provide for increased taxes estimated to realise a total of about eleven milliards of francs. A part of this sum will be set apart to endow the Sinking Fund, and another portion will serve to secure the balancing of the Budget. The increase of taxation is greater than that contemplated in the Report of the Committee of Experts. On the other hand, M. Caillaux's projected increase would have been smaller.

The Bill to establish a sinking fund will probably be introduced in the National Assembly on August 9, where it will be made independent with all the legal safeguards attaching to constitutional law. Thus it will be impossible for Parliament to divert to other purposes appropriations for the Fund. These resources will amount, to begin with, to about six milliards (some three milliards and a half from the succession duty and from the extraordinary duty on the changing of hands of real property and 2,800 millions from the exploitation of the tobacco monopoly). The service of the interest payable to holders of National Defence Bills amounting to about three milliards, the management of the Sinking Fund will use the surplus for the purpose of redeeming National Defence Bills. At the outset the Sinking Fund will not issue bonds of the tobacco monopoly, but it will have the right to do so in future, when the holders of National Defence Bills will have the right to exchange them for such bonds. Finally, the bank of France has just raised its rate of discount, and this step is thought likely to attract back to France a part of the capital exported, for the reason that loans will be more difficultly obtainable in France, while the industrialists and merchants who own capital abroad will be compelled to use it for the purposes of their business.

Every proposal meets with objections, and it is only natural that M. Poincaré's plan should have provoked some. We will briefly enumerate them. The increased taxation imposed by M. Poincaré is very heavy. It will inevitably lead to a marked rise in the cost of living, and the people will be forced to fall back on the resources it now holds in the form of National Defence Bills. It is to be feared, therefore, that the demand for repayment of such bills will show a large increase. Has not the Government the choice of some other means of filling the coffers of the State? M. de Monzie, in an article in the *Journal*, foreshadows the mobilisation and the industrialisation of some of the assets of the State, viz. the natural wealth of the colonies, the development of the potash mines, the manufacture of nitrogen, the State mines of the Sarre, etc. Other objections to M. Poincaré's plan rest on the slowness of his methods. According to the Agence "Sans-Fil," twenty-seven deputies, and among them such well-known personalities as George Bonnet, Jacques Duboin Lamoureux and Nogaró, have sent a statement to the Government, in which they say (1) that experience condemns the re-

valorisation of the national currency by the sole process of redemption, and (2) that it is of the greatest importance that the work of financial rehabilitation should not be postponed to a day when lost time will be found to be irrecoverable.

On the whole, M. Poincaré's proposals have been favourably received in Parliamentary and business circles, as evidenced by the large majorities obtained by the Government in the Chamber and by the marked improvement in the rate of the franc. Of course, it must be borne in mind that the rate of the franc depends largely on the general balance of payments. Even in the event of a falling off of exports consequent on the increase of the cost of production in French industry, we do not think that this falling off will prove to be very great, provided always that a stop is put to the export of capital. This falling off, which will continue over a fairly long period while the French export trade is adapting itself to the new order of things, may be made up in two ways, by the repatriation of exported capital and by foreign loans. As a matter of fact the Report of the Committee of Experts and M. Caillaux's plan provided for the use of a portion of the foreign loans for the purpose of making up, during the initial stage, for the shortage in the general balance of payments.

ECONOMIC SURVEY OF GREECE IN 1925.

The following survey of economic conditions in Greece in 1925 is derived from the annual Report of the National Bank of Greece reproduced in consecutive numbers of *Oikonomologos Athenon*, supplemented by the annual Report on commerce and industry submitted to the Ministry of Agriculture, Commerce and Industry by the Chamber of Commerce of Athens.

GENERAL CONDITIONS.

According to the Report of the Chamber of Commerce of Athens, the year 1925 was marked by great activity in all branches of business. New industries were founded, those already existing added considerably to their premises, the number of company flotations increased appreciably, while the yield from agriculture was in excess of that of preceding years. The import trade showed a considerable extension, chiefly in consequence of the long deferred introduction of the new Customs tariff, a delay which caused disproportionate orders of goods. The inevitable consequences of this intensified business activity were the tightness of money and the difficulties of the market which occurred at the end of the year, aggravated by the steady upward tendency of the cost of living. To these difficulties of the market the needs of the Government, which absorbed considerable quantities of the funds at the disposal of the National Bank, contributed in no small degree.

Business undertakings clearly outran their strength, since, possessed by excessive optimism, they regarded the temporary boom in production as a permanent basis for the extension of their enterprises, and above all unduly overestimated the possibility of credit. They forgot that the amount of capital at their disposal was limited, that their only resource was the annual surplus income of the population, and that the extension of undertakings beyond these limits was supremely dangerous.

A significant feature of the situation was that in 1925 existing joint stock companies increased their capital by 585 million drachmas, the foundation of new companies absorbed 285 millions in cash and 180 millions in the issue of mortgage debentures expended chiefly on the construction of dwellings, and that finally 200 millions were raised by the issue of debenture bonds, without counting the investment of capital in foreign currency which took place to an appreciable extent.

The disproportion between this heavy demand for capital and the comparatively small supply (national

business for all its increased production was unable to show a corresponding surplus) led inevitably to high rates of interest on money amounting to as much as 30 per cent., whereas on the other hand, with the decreasing purchasing power of the country, prices declined, being unable to maintain for long the high level required by the depreciation of the drachma.

It is true that the economic depression suffered by the country in 1925 cannot be called a crisis in the proper sense of the word; but there certainly existed the beginning of a very disagreeable economic situation which must be met and averted by every kind of sacrifice

PUBLIC FINANCE: THE NATIONAL DEBT.

The National Debt on March 31, 1925, as compared with the corresponding date in 1924, was as follows (in millions of drachmas):—

	1924.	1925.
1. Loan 1833	44.0	43.1
2. Old gold loans	118.6	415.2
3. New gold loans	844.5	1,578.3
4. Foreign advances	368.0	355.5
5. Old paper loans	105.2	101.6
6. New paper loans	5,508.3	5,443.2
7. Floating debt	1,196.8	1,570.8
8. Note issue	801.9	801.9

To the above debt should be added the sterling war loan fixed at £20,710,312, in pursuance of the agreement concluded between the British and Greek Governments on August 31 and ratified on December 31, 1925.

The estimates for the current year assign to the payment of interest and sinking fund on the national debt as compared with the preceding year the following amounts (in millions of drachmas):—

	1924-25.	1925-26.
	<i>Gold.</i>	
Interest	58.2	64.6
Sinking Fund	31.5	18.4
	89.8	83.1
	<i>Paper.</i>	
Interest	279.5	171.7
Sinking Fund	121.7	86.7
	401.3	258.4

To the above amounts should be added the difference on the exchange of Dr.547,265,900 for the year 1924-25 as compared with Dr.760,457,772 for the year 1925-26, as well as the costs of the apportionment of the Ottoman National Debt for 1925, which bring the total estimates for the service of the National Debt to Dr.1,130.0 mill. for 1925-26 as against Dr.1,038.4 mill. for 1924-25.

The floating debt of the Treasury to the National Bank increased considerably during the year and consists of the following amounts: (1) old debts contracted temporarily to the value of Dr.236.7 mill., which have not yet been repaid; (2) Dr.412.5 mill., being the balance of the transactions between the Government and the Bank in respect of the corn supply; (3) Treasury bonds amounting to Dr.611.9 mill.

For the refunding of this debt a special fund has been set aside consisting of 10 per cent. of all taxes and Customs duties, which has been increased to 20 per cent. This source yielded during the year Dr.200 mill., a sum which has proved inadequate.

THE NOTE CIRCULATION AND COMPULSORY LOAN.

During the past year no fresh paper money was issued to meet the current needs of the Government. But the reserve held in the vaults of the National Bank to cover the note issue was greatly reduced, a circumstance which caused a substantial increase of the circulation, namely from Dr.5,292 mill. in 1924 to Dr.5,636 mill. in 1925. This reduction of the Bank's reserves is due to the tightness of money during the last months of the year, which compelled the Bank to put into circulation the amount which the previous year it had retained in its vaults.

The circulation of Treasury bonds showed a decline on balance during the year of Dr.266,694,700 on that of 1924, which was higher by Dr.678,628,100 than that of 1923. The tendency towards the redemption of Treasury bonds, a result of the tightness of money due to the depreciation of the drachma to 312 to the pound sterling from 247 in 1924, is also made manifest by the Treasury bonds in circulation up to last year, which at the end of January amounted to Dr.1,424,221,400. The maximum amount of these bonds in circulation during the last two years was Dr.1,933,207,000 on June 23, 1924, and the minimum Dr.1,324,303,100 on May 13, 1925.

The Decree of January 24, 1926, confirming the internal compulsory loan, suspended the issue of new Treasury bonds as well as the renewal of those which had expired. The bills falling due on March 31, 1927, are paid all in cash, whereas the others on maturity are payable half in cash, and half in 8 per cent. bonds redeemable within 10 years at the latest.

In this way Dr.750 mill., or half the amount, has been paid off. The same Decree has imposed an internal compulsory loan to the amount of a quarter of the amount of bank-notes in circulation—Dr.1,250 mill.—with interest at 6 per cent. and lottery bonuses redeemable within 20 years from the date of the first contribution to the loan, to be fixed by special Decree.

By later Decrees the amount of the compulsory loan is fixed at Dr.1,200 mill., to be issued in Dr.100 bonds redeemable from February 1, 1926, to February 1, 1946, at latest, a yearly sum of Dr.9.6 mill. being distributed in lottery prizes. The amount of the unredeemed Treasury bonds is fixed at Dr.650 mill. in 8 per cent. bonds of 100 drachmas each, redeemable between April 1, 1927, and April 1, 1948, by annual drawings without prizes.

The adoption of the compulsory loan to meet the note circulation was the only remedy for the State's pressing needs, and was accepted by the public without manifest discontent. Its success however, is problematical, since the conversion of half the Treasury bonds in circulation into a consolidated loan may bring with it consequences which legislation adopting an economic scheme of this nature could and should avert.

The measure would have been completely successful if it had increased the rate of interest, if it had not touched the Treasury bonds, and if it had joined to it and increased in due proportion the National Bank's powers of issuing notes, so that it should be in touch with the needs created by the tightness of money, and if it had extended the period for the issue of the loan.

TAXATION AND CUSTOMS.

Although considerable efforts were made to balance the Budget by economies on the one hand, and by measures to check the declining yield from certain taxes and by the increase of existing taxes and the imposition of new taxes on the other, this object was not achieved.

The following table shows the yield from taxes on various articles of consumption and from monopolies during the financial year 1924-25 as compared with the preceding year :—

Taxes on consumption and monopolies.	1923-24.	1924-25.
	(In millions of drachmas.)	
Tobacco	560.0	615.0
Alcohol	89.4	190.8
Wine	6.4	9.7
Emery	39.0	33.5
Cigarette paper	24.0	22.2
Matches	60.5	68.1
Mineral oil	87.0	100.5
Playing cards	13.4	11.4
Salt	36.0	50.4
Stamp duties	45.0	73.8
„ „ (new districts)	18.0	59.0

The figures for 1923-24 are taken from the Budget estimates, while those for 1924-25 represent the amounts actually collected according to the returns of the Ministry of Finance.

The figures shown by the Customs returns for the year amount to Dr.1,155,649,533, of which Dr.131,513,349 is in respect of export duties. Of this total Dr.487,497,339 was collected at the Piræus.

THE FOREIGN EXCHANGE.

During 1925 the Greek currency did not maintain its relative stability of the preceding year, being subject to marked fluctuations, ending in a decline of about 20 per cent. These fluctuations caused no small loss to the national trade, the ground having been prepared by the crisis of the previous few months. The monthly variations of the drachma on London were as follows :—

	Highest.	Lowest.
January	283.50	261.50
February	306.00	283.00
March	323.50	293.00
April	298.00	250.00
May	282.50	258.00
June	306.50	284.50
July	315.50	287.00
August	328.00	308.50
September	338.00	324.50
October	374.50	333.25
November... ..	365.00	340.50
December	396.50	362.50

Thus under the influence of a stationary output from agriculture and stock-breeding, of continuously increasing imports of all kinds, of a rise in the price of commodities, notably cereals, groceries and textiles, of the universal shipping crises, of a declining import of foreign currency in payment of tobacco and currants, of political instability, and especially of the export of money last year to pay for the food supplies ordered by the Government, it was only natural that the foreign exchange should rise to Dr.312 to the pound sterling as against 247 in 1924.

In contrast to the fluctuations of the exchange in 1925 those of the preceding year were more moderate, and for further comparison the following table of exchange rates on London in 1923 and 1924 is appended :—

	1923.	1924.
January	383	222
February	421	252
March	427	263
April	398	238
May	282	216
June	150	249
July	188	254
August	284	249
September	254	250
October	295	258
November	279	257
December	229	260

The increase of rates on foreign exchanges was natural in view of the growing debit side of the foreign trade balance. The following table shows the import and export of currency (in sterling) in payment of commodities :—

Currency imported.		Currency exported.	
Commodities.		Commodities.	
Tobacco	£6,028,440	Corn and flour ...	£9,244,200
Currants and raisins	1,488,855	Vegetables and rice	1,300,000
Sultanas and figs ...	1,007,102	Animal products ...	1,280,000
Wine	477,513	Salt	825,000
Olives and olive oil	1,438,856	Sugar	1,735,705
Minerals	300,000	Coffee	700,000
Timber	191,272	Coal and mineral oil	1,253,280
		Motors and petrol ...	1,426,350
		Metal products ...	800,000
		Textiles	5,841,442
		Wooden goods ...	1,563,985
Total	£10,832,038	Total	£26,169,962

This formidable debit is however somewhat modified by the more favourable balance of currency payments from freights and emigrants. The foreign currency remitted by the latter can be approximately estimated from the returns from the leading banks and is dealt with below. It is, however, more difficult to obtain exact information as to freights. We can, however,

use the business in the port of Piræus as some guide to this. During the year 1,562 vessels entered the port from abroad, having an aggregate tonnage of 2,727,012 t., importing 1,525,718 t. of goods. By estimating the value of these imports at an average of 12 shillings a ton, we have £865,000 for goods landed at the Piræus and one million sterling at a rough estimate for those carried by the whole Greek merchant fleet.

Thus the total balance of payments for the year is fixed as follows (in sterling) :—

<i>Import of Currency.</i>		<i>Export of Currency.</i>	
For exports	...£10,822,038	For imports	...£26,169,962
„ emigrants	... 6,547,121	„ interest on	
„ freights	... 1,000,000	foreign debt	4,446,825
	<u>£18,379,159</u>		<u>£30,616,787</u>

The import of currency does not include the income from the important amount of Greek capital invested abroad, as there is no means of estimating it; but, on the other hand, in the returns of exported currency no account is taken of sums carried out of the country by travellers, and the more important amounts exported for the Government food supplies, two items which at least counterbalance the income from Greek capital abroad.

(To be continued.)

ECONOMIC CONDITIONS IN SPAIN.

A Report on the industries and commerce of Spain by Captain U. de B. Charles, C.B.E., Commercial Secretary to His Majesty's Embassy, Madrid, has just been published by the Department of Overseas Trade. This Report *, which is dated April 20, 1926, and deals mainly with the situation in 1925, should be read in conjunction with those published by H.M. Stationery Office in 1920, 1921, 1923, 1924 and 1925, since certain standing information previously published holds good to-day and is not repeated.

In the introduction to the Report Captain Charles states that Spain is still passing through a period of transition, and, although in some respects economic conditions have been more favourable, in others they have been distinctly less so than in 1924. While the wheat harvest has been exceptional, the mining industry has suffered from the universal trade depression. In spite of the general commercial crisis, Spain's foreign trade has increased and her industries have shown further expansion. There has been no recurrence of the terrorist régime and conflicts between capital and labour have been insignificant. The Budget deficit has shown a slight decrease, and the adverse balance of trade is much reduced, but Spain still has a long road to cover before her industries can prosper without that degree of protection which to many appears to be contrary to the principles of economics. Nevertheless, it is largely as a result of the protective tariffs, the subsidies to industries already established, and grants in aid of new industries, that Spain has built up her production to-day. There is also no doubt—and this is of importance to the British exporter—that the spirit of nationalism has left its mark on Spanish trade with other nations. New barriers have been set up and there are signs that the economic war is likely to become more bitter as time goes on. It is on this account, perhaps, that the United Kingdom, as a free trade country which has always been Spain's best customer, suffers most, as the time will come when extreme tariffs and vexatious restrictions to trade will be too great an obstacle to be overcome, and the natural trade intercourse between the two countries will be seriously obstructed.

The country is capable of and undoubtedly needs great development, but progress must be slow until there is a general speeding-up of her administrative methods. In many respects the present Government and the Military Directorate before them have effected important reforms, such as the reorganisation of the Provincial Committees and the creation of new taxes to furnish them with resources of their own; but much has yet to be done. The economic situation has improved and the termination of hostilities should enable national activities to receive that share of the country's wealth which they so badly need.

In the section on the country's finance the Report mentions that according to a decree-law the Budget for 1924-25 remains in force for 1925-26 with certain modifications, an examination of which shows that an increased expenditure of 150.8 mill. pesetas and a decrease in revenue of 22.5 mill. pesetas are budgeted for. The total expenditure for 1925-26 figures at 3,092.5 mill. pesetas as against 2,941.6 millions for 1924-25, while the revenue total runs to 2,755.2 mill. pesetas for 1925-26 as compared with 2,777.8 millions in 1924-25. The provisional results of the 1924-25 Budget show that the real deficit was 570.4 mill. pesetas, slightly less than the real deficit of 1923-24 (576.2 millions). An examination of the Spanish Budget over a number of years shows that up to 1924-25 the normal annual increase in revenue has been some 200 mill. pesetas. In the financial year 1924-25 this increase fell to 85 millions, and in the first seven months of the present financial year the increase is only six millions. Consequently, it would appear that, unless fiscal reforms are introduced, the maximum revenue has been reached. The two decrees issued by the Government early in the present year caused no surprise; they should result in a true estimate being arrived at of the real value, for taxation purposes, of landed estates and house property. Under the first decree, expropriation in the event of incorrect declarations is provided for. A further decree lays down that all businesses which have not, up to now, paid income tax are to keep a special register of all sales and commercial operations. The clear objects of this legislation are to obtain increased revenue without introducing new taxation. A further innovation during the year was the appointment of a Spanish "Geddes Committee," who have now issued their recommendations. They propose economies amounting to 373 mill. pesetas, to be applied to the 1926-27 Budget. These should result in the balancing of the Budget for that year. The recommendations can certainly be carried out when the expenditure on war and marine services has been reduced. In regard to the National Debt, the situation of the consolidated debt is given as approximately correct at Ptas. 12,365,174,170 for 1926 as against Ptas. 12,283,503,254 for 1925. Spain's foreign debt amounts to Ptas. 910,728,400, of which only Ptas. 78,037,900 remain abroad. On January 1, 1926, Spain's floating debt stood at Ptas. 4,825.5 mill., as against Ptas. 4,325 mill. in 1925. The total Spanish debt amounted approximately to Ptas. 17,190 mill. on January 1, 1926. At the close of 1925 the Government had a debit balance in current account with the Bank of Spain amounting to Ptas. 28 mill. The note circulation has been reduced from Ptas. 4,546.6 mill. in 1924 to Ptas. 4,439.5 mill. in 1925, while the deposit and current accounts of the Bank of Spain have risen from Ptas. 975.8 mill. to Ptas. 1,306.3 during the same period. The proportion of metallic and bullion reserves to notes remained at over 70 per cent. The profits made by the Bank in 1925 were higher than those made in 1924, the figures being Ptas. 97.0 mill. as against Ptas. 92.3 mill. The dividend paid was 25 per cent., as compared with 24 per cent. in the preceding year. The discount rate was maintained at 5 per cent. throughout the year. The failure of important banks at Bilbao in the last two years has left its mark on the trade and prosperity of that town; the Barcelona banks had, however, a more

* H.M. Stationery Office. Price, 2s. 6d. net.

satisfactory year. Madrid banks appear not to have had too good a year. The credit situation is difficult and there is considerable stringency. In spite of the fact that all issues of Government loans have been easily covered, there was more money available for investment in industrial issues than in 1924. The peseta has not shown such violent fluctuations as in past years, the highest rate on the Madrid Stock Exchange in 1925 being 34.37 and the lowest 33 pesetas to the £.

Section III of the Report deals with trade in 1924 and 1925, details of which have already been published in THE ECONOMIC REVIEW of June 18. It is interesting to note that the total imports of coal, coke and briquettes were 1,667,090 tons as against 1,429,880 tons in the preceding year, the United Kingdom supplying 1,283,990 tons of pit coal, 81,597 tons of mineral coal, 119,114 tons of coke, 59,451 tons of briquettes and 62,940 tons of anthracite. Her total imports into Spain under all the above headings amounted in value to Ptas.86,003,228. The market for cotton fabrics was reduced; but the United Kingdom has maintained her position, while France has improved hers. There has been a big increase in the importation of raw cotton from the United States. Imports of woollens were much lower in 1925 than in 1924, the trade being shared mainly by Great Britain and France. There is evidence that the exports of manufactured goods, although still a small percentage only of the total exports, are now increasing. Exports of machinery also show an improvement. Captain Charles remarks that, generally speaking, the British manufacturer seems unwilling to grant terms that, from experience, other competitors find useful, and in some cases even essential, for improving their trade in Spain. In spite of this, the United Kingdom supplied Spain with 17.16 per cent. of her total requirements in 1924, as against 16.65 per cent. from the United States and 13.74 per cent. from France. The total imports from Spain to the United Kingdom were valued at Ptas.19,577,154 in 1923, Ptas.19,649,332 in 1924 and Ptas.19,657,501 in 1925; imports to Spain from the United Kingdom totalled respectively Ptas.11,318,702, Ptas.11,378,110 and Ptas. 11,033,884. There is no doubt that the Spanish-American trade has expanded more than that of any other country during the year. Germany also had a good year, in spite of her short tariff war with Spain; but France has probably been the most serious competitor of British trade in Spain. The Report emphasises the fact that the personal touch counts for much more in Spain than in any other country, and that despite all obstacles there is still a considerable amount of business to be done by British firms willing to adapt themselves to this trait in the Spanish character. But British firms not infrequently send out representatives to Spain who are totally ignorant of the language and unacquainted with the psychology of the people they want to obtain as clients. Captain Charles suggests that one way of securing a share of the Spanish trade is by co-operation with Spanish firms. Not a few British firms have found it advantageous to establish factories in Spain, securing not only Spanish capital for the undertakings, but also Government support and protection. He shows, too, that the British motor car industry is very poorly represented in Spain, and that the reason for this state of affairs is to be sought more in the lack of adaptability to local conditions and enterprise shown by most British manufacturers than in the higher prices demanded for these products as compared with other foreign makes. The sale of cars in Spain has gone up by leaps and bounds and the possibilities are still considerable. It is probable that, if some of the leading British manufacturers were to combine and set up a financing office in Spain on the lines adopted by a well-known American concern, their sales in this country would largely repay the outlay. The present lack of propaganda and a too strict adherence to business methods that may be excellent in Great Britain but

useless in Spain have almost driven the British car from the streets.

After reviewing the Spanish tariffs and commercial treaties Captain Charles devotes a chapter to the problem of transport (for the new railway scheme see THE ECONOMIC REVIEW, February 12). He points out, however, that there is very little railway expansion to report in 1925, although there may be considerable progress in 1926. The home factories seem to be reaping the chief benefit from the railway developments; the steel factories, for instance, are working day and night to fill orders for rails. The parts that may now be bought abroad are tyres, wheels, axles, bogies, lighting sets, brake systems and luxury fittings, in addition to supplies of electrical railway fittings. To obtain business British firms must be represented locally. In respect to road transport much has been accomplished during the past three years; from all parts of Spain reports have been received to the effect that motor transport has made great strides during the past year. American motor manufacturers are benefiting most by this development, closely followed by Belgian, French and Swiss, to the practical exclusion of the British interests. The improvement of British shipping at the principal Spanish ports has on the whole been maintained, although it should be noted that the fruit-carrying trade is gradually passing into the hands of Scandinavian countries. Shipbuilding was generally in an unsatisfactory state during the year. On the other hand, the policy of making Spain self-supporting in aviation continues to be maintained.

Dealing with the natural resources of the country the Report states that the output of minerals in 1924 was 46,610,904 metric quintals, as against 45,322,329 metric quintals in 1923 and 61,703,089 in 1913 (the official figures for 1925 are not yet obtainable). The year 1925 was a critical one for the Spanish coal industry. Asturian coal was in receipt of protection amounting to Ptas.14 to 17.5 per ton. The coal output in 1924 represented 42 per cent. of the value of the total minerals produced, or 6.6 per cent. less than in 1923. The production of ore showed a rise in 1924, but the hopes entertained for 1925 were apparently not realised. The iron and steel industry in Spain has increased its output by no less than 69 per cent. as compared with 1913. There was a big increase in the production of lead ore and silver lead in 1925. In other mining branches there were no big developments. As regards agriculture the 1925 harvest was on the whole an excellent one, the grain crops being little short of the highest on record. The total value of these crops reached Ptas.4,413 mill. in 1925 as against Ptas.2,949 mill. in 1924. The orange crop in 1924-25 was normal, but that of 1925-26 proved to be disastrous. The vintage was good in quantity and quality, and the total production of 26.7 mill. hectolitres compares with one of 21.7 mill. in 1924. But the industry cannot be said to be prosperous. The beet sugar production fell off slightly last year. The total production of silk cocoons showed a considerable increase at 1,150 tons. There was also a big improvement in the production of olives. In this same section of the Report details are given of the remaining crops, of afforestation, the fisheries and the hydro-electric works. The writer believes that there is room for the introduction of British agricultural implements, such as mowers, sowers, reapers, ploughs, hay rakes, cream separators, feed grinders, manure spreaders, etc., especially in Galicia, where small holdings are the rule.

The expansion of industry reported in 1924 has certainly been maintained in 1925. Of the two great industrial centres, Bilbao and Barcelona, the former, with its important iron and steel industry, is, if not flourishing, at any rate able to find a good market for all its products. It is estimated that the output of the Spanish blast furnaces in 1925 reached 560,000 tons, of which 250,000 tons were pig iron and 310,000 tons steel. The indications of apparent prosperity and expanding trade at Barcelona are misleading, as the basic industry,

textile manufacture, is undoubtedly depressed. In the progress made in the last few years in the use of artificial silk in the textile industry Spain has not remained behind. The dye industry is advancing; there have been developments in the glass industry; while the manufacture of motor-car bodies is rapidly improving. Speaking generally, local manufacture continues to make progress. High-class leather goods, soaps and perfumes, among other articles, are now manufactured in large quantities. There is every indication that Spain, if the present rate of progress continues, will soon have almost as much industrial as agricultural importance.

In surveying the social conditions the Report refers, among other matters, to the interesting labour development in Asturias, where the Miners' Syndicate has taken over and is working the San Vicente Mine (see THE ECONOMIC REVIEW, February 12). The cost of living in Spain remains very high, foodstuffs showing an increase of 12 points over the figures for 1924 and 27 points over those for 1923. The housing shortage still remains acute, but the Government has initiated a housing scheme and authorised the issue of Ptas.180 mill. at 4 per cent. as a grant-in-aid. There has been a large decrease in emigration as compared with 1924.

ECONOMIC SURVEY

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

AUSTRIA

POLITICAL AND GENERAL

Final Report of the Commissioner General.—The financial decontrol of Austria took place on June 30 last, and this fact lends special interest to the final Report of Dr. Zimmerman, Commissioner General of the League of Nations for Austria. The document is really a joint production of the Forty-first and the Forty-second Monthly Report, covering the period from April 15 to June 15.

The Commissioner considers it opportune to make a retrospect of the entire period of reconstruction. The final accounts issued by the Audit Office for the financial year 1925 reveal the satisfactory results achieved since the beginning of the work of rehabilitation, as will be seen by the following figures (in millions of schillings):—

	1923.	1924.	1925.
Current budgetary account:			
Expenditure	779.65	809.99	741.38
Revenue	697.45	900.62	908.47
Surplus	—	90.63	167.09
Deficit	82.20	—	—
Capital investment	76.08	103.67	90.64
Surplus	—	—	76.45
Deficit	158.28	13.04	—

The deficit in the budgetary account, which amounted to Sch.82.20 mill. in the financial year 1923, has been entirely wiped out, whilst the year 1924 showed a surplus of Sch.90.63 mill., and 1925 a surplus of Sch.167.09 mill. Compared with 1923 the year 1925 showed a budgetary improvement of Sch.249.29 mill. These two yearly surpluses sufficed to cover all capital investments during 1924, which amounted to Sch.103.67 mill., with the exception of a sum of Sch.13.04 mill., and the whole of investment expenditure in 1925, which amounted to Sch.90.64 mill., with a surplus in hand of Sch.76.45 mill. Such results are very satisfactory.

The expenditure of Sch.741.38 mill. in 1925 is Sch.28.58 mill. higher than the maximum of Sch.712.80 mill. as fixed by Dr. Zimmerman in agreement with the League of Nations Finance Committee in the September session of 1924. The causes of this excess lay chiefly in (a) the rise in the exchange of certain foreign currencies, such as the English pound, whereby the debt service was increased by some Sch.8.95 mill.; (b) the increase in unemployment, which necessitated an additional outlay of Sch.19.95 mill.; (c) the increase in the amount assigned to pensions, which accounted for an extra Sch.3.42 mill.; and (d) other unforeseen claims which amounted to Sch.4.19 mill. The current account deficit for the year totalled only Sch.35 mill., and was caused by the necessity of making special payments to State employees, increased pensions and advance payments towards unemployment benefits.

Against the State claims to a total of Sch.647 mill. stand debts to the extent of Sch.2,319 mill., so that there is a net deficit of Sch.1,672 mill. But this deficit is built up of liabilities that cannot be regarded purely as outstanding amounts, the main item being the League of Nations Loan to the figure of Sch.1,034 mill. Taking such items into consideration the effective deficit would be about Sch.139 mill. only, of which the sum of Sch.66.5 mill. represents liabilities of the monopolies and the State undertakings to third parties. The total amount does not appear to be excessively high, and the deficit may be regarded as justified. In reality there are no arrears of payments. For the first six months of the present year there was a deficit of Sch.36.6 mill., but this was due to expenditure on investments which amounted to Sch.74.17 mill. By the September 1924 agreement a distinction must be made between investment expenditure of a general character and expenditure on investments of a pronouncedly productive nature. The total for investments for the year 1926 is estimated at Sch.124.70 mill., but Dr. Zimmerman has released only Sch.89.07 mill., so that the remaining sum must be covered by current budgetary income. The financial situation during the first half of the present year represents a continuation of the favourable course of developments in recent years. With the exception of the first half of the year 1923 the Federal revenue has in every half-year exceeded the estimates of the League of Nations programme. The following table shows the relation of the sums released and the amount covered by revenue to the total sum of investment expenditure during the four-year period from 1923 to 1926 (in millions of schillings):—

	Investment.	Released.	Difference covered by revenue.
1923	76.08	246.1	—
1924	103.67	14.6	89.07
1925	90.64	22.5	68.14
1926	124.70	89.07	35.63

At this point Dr. Zimmerman subjects the Federal Railways to a rather severe criticism. All measures taken for the sanitation of the railways have, he states, produced good results; yet the railways remain in a very difficult situation. The economies effected have not led to a diminution in the total expenditure. On the contrary, expenditure has risen from Sch.432 mill. in 1923 to Sch.523 mill. in 1925, which corresponds to a heavy increase of about 21 per cent. Despite the reduction of 38,000 in the number of railway employees there has been an increase in staff expenditure. As a result of the general augmentation of expenditure it was found necessary to raise the tariff. The railway income has consequently risen from Sch.373 mill. in 1923 to Sch.525 mill. in 1925, an increase of about 38½ per cent. But the increase in goods traffic has been very slight. These difficulties have led the manage-

ment to decide upon a further increase in the goods rate as from July 1, 1926, and to effect further reductions in the staff. It is useless to conceal the fact, declares the Commissioner General, that considerable efforts will yet be necessary in order to bring the railways to the position of being able to pay their way. Of the remaining State enterprises some still prove a heavy burden for the Budget, but others, notably the monopolies, are showing satisfactory results.

In respect to budgetary economy Dr. Zimmerman reports that during the period of reconstruction a total of 85,200 former State employees have been dismissed. On January 1, 1926, the number of people receiving pensions (including widows and orphans) was 112,111. But the total outlay to the staff account is to-day heavier than before the reduction in the number of employees was effected, having increased from Sch.580 mill. in 1923 to Sch.968 mill. in 1926.

The net amount of the League of Nations Loan placed at the disposal of the Austrian Ministry of Finance was Sch.828 mill. Of this total the sum of Sch.175.6 mill. had to be applied to the reimbursement of the British, French and Czechoslovak credits, so that Sch.652.7 mill. remained for covering the Budget deficit. Up to the end of the first half of the present year the aggregate amount of the sums claimed ran to Sch.444.4 mill. The remaining portion of the Loan is thus Sch.208.3 mill., or reckoning the interest as well, Sch.217.6 mill. But 332.5 millions of the total have been applied to cover investment expenditure during the four-year period, so that only Sch.115.4 mill., or 13 per cent. of the total, has been used for cover of current expenditure.

As regards the currency and monetary situation, Dr. Zimmerman mentions that the maximum figure of the circulation of the Austrian National Bank was touched in August 1924 with Sch.909 mill., since when there has been no further increase. The currency has remained stable since November 1922, after the intervention of the League of Nations. The Austrian currency was able to stand the severe test of the economic stagnation and consequent financial crisis in the year 1924. The situation of the National Bank has steadily improved, and it has been able to carry out some useful reforms in currency matters.

The Commissioner General describes the general economic situation of Austria, however, as far from satisfactory. The country is still suffering from the severe crisis of 1924 and its consequences. The adverse balance of Austria's foreign trade has hitherto been covered mainly by foreign credits. The improvement in the trade balance in 1925 may be attributed to a diminution in imports. This is especially noticeable in the case of the decline in coal imports, which cannot be entirely due to the increased use of electricity, but rather reflects the general decline in production. The number of unemployed also testifies to this slack state of production.

In dealing with the question of Customs policy Dr. Zimmerman states that after the war Austria made great efforts to gain new markets and concluded numerous commercial treaties with various countries. But these treaties are said to have failed to have achieved the desired results, and there has been no revival of Austrian industry, since other States have not sufficiently reduced their import duties. In conclusion the Commissioner General refers to the points in his recent address before the League of Nations Council, wherein, whilst recognising all the great difficulties that Austria has to face, he expressed himself quite hopefully as to the future of the country. (*Neue Freie Presse*, July 24.)

FINANCE

Treasury Returns for April and May.—The Audit Office has issued the following statement as to the provisional Treasury returns for the months of April and May last, in comparison with the estimated figures in the preliminary monthly estimates (in millions of schillings):—

	Estimated.	Actual results.	Difference.	
			Favourable.	Adverse.
April.				
Current budgetary account.				
Expenditure ...	68.84	72.11	—	3.27
Revenue ...	72.49	96.40	23.91	—
Surplus ...	3.65	24.29	20.64	—
Capital investment.				
Expenditure ...	15.86	15.18	0.68	—
Deficit ...	12.21	—	—	—
Surplus ...	—	9.11	21.32	—
May.				
Current budgetary account.				
Expenditure ...	70.35	67.10	3.25	—
Revenue ...	70.84	80.40	9.56	—
Surplus ...	0.49	13.30	12.81	—
Capital investment.				
Expenditure ...	13.26	12.37	0.89	—
Deficit ...	12.77	—	—	—
Surplus ...	—	0.93	13.70	—

(*Wirtschaftliche Nachrichten*, July 15; and *Neue Freie Presse*, July 16.)

Preliminary Estimates for June and July.—The monthly preliminary estimates for June and July show a continuance of the recent improvement. The surplus for June, excluding the capital investment item, is Sch.6.03 mill., and that for July is Sch.8.83 mill., as against Sch.0.49 mill. in May and Sch.3.65 mill. in April. Including the capital investment items, the movements since April have been as follows: Total deficit in April, Sch.12.21 mill.; May, Sch.12.77 mill.; June, Sch.3.56 mill.; July, Sch.1.16 mill. The actual figures of the estimates for the two months are as shown below (in millions of schillings):—

	June.	July.
Current expenditure ...	62.38	60.71
Current revenue ...	68.41	69.54
Surplus ...	6.03	8.83
Capital investment expenditure	9.59	9.99
Total deficit ...	3.56	1.16

(*Neue Freie Presse*, May 29 and June 29.)

Post Office Savings Bank Final Account 1925.

The figures tabulated below show the situation of the assets and liabilities of the Federal Post Office Savings Bank at the end of 1925, as compared with the situation at the beginning of the same year and also at the end of 1922 (in thousands of schillings):—

	December 31, January 1, December 31,		
	1922.	1925.	1925.
Assets.			
Cash in hand ...	3,378	2,315	3,189
Debtors ...	79,763	262,779	269,048
Loans on securities ...	70	167	112
Bill portfolio ...	1,729	4,061	1,202
Own securities... ..	5,303	3,035	4,973
Exchange difference ...	—	289	279
Stocks, etc. ...	15,038	27,949	8,558
Anticipated interest ...	120	486	103
Other assets ...	1,311	3,151	32,954
Total ...	106,712	303,944	320,139
Liabilities.			
Investments ...	74,224	207,362	246,693
Current accounts in paper securities deposited	—	380	790
Creditors ...	22,145	82,525	64,958
Stocks, etc. ...	486	—	—
Deposits ...	111	614	669
Exchange difference ...	4,158	—	315
Reserve fund ...	21	3,495	1,250
Other liabilities ...	5,393	9,567	4,940
Profit ...	171	—	524
Total ...	106,712	303,944	320,139

The profit and loss account issued by the Audit Office shows receipts at Sch.16.69 mill. and expenditure at Sch.16.17 mill., a working profit, therefore, of Sch.0.52 mill. Compared with pre-war times the deposits have fallen off considerably. During recent years there has been a steady growth, which, however, has not been so pronounced as that of deposits with the leading banks. (*Der Oesterreichische Volkswirt*, July 10.)

TRADE

Foreign Trade Returns January to April.—According to the statement issued by the Ministry of Commerce and Communications the value of imports in April amounted to Sch.217.7 mill., while exports totalled Sch.137.6 mill. The adverse balance of trade in April was Sch.80.1 mill., against Sch.84 mill. in March and an average adverse balance of Sch.95.6 mill. for the first three months of the present year. Compared with the preceding month there was a drop both in imports and exports in April, representing approximately a decline of 10 per cent. in the total turnover. During the first four months of the present year imports amounted to nearly Sch.900 mill., while exports figured at about Sch.530 mill., leaving an adverse balance of approximately Sch.370 mill. It is difficult to make a comparison with the corresponding period of 1925 since last year the returns were only issued quarterly. The main groups of imports and exports in April and for the first four months of the year are shown hereby (in millions of schillings):—

Imports.	January to April.	
	April.	1926.
Live stock	18.1	68.6
Foodstuffs and articles of consumption	59.6	230.4
Raw materials and semi-manufactures	61.2	289.1
Manufactured goods	78.6	301.9
Gold and silver, also specie ...	0.2	8.5
Total	217.7	898.5
Exports.		
Live stock	0.9	2.9
Foodstuffs and articles of consumption	2.5	9.5
Raw materials and semi-manufactures	31.8	117.9
Manufactured goods	100.9	394.3
Gold and silver, also specie... ..	1.5	7.0
Total	137.6	531.6

Of the countries supplying goods to Austria, Czechoslovakia held the leading position, with Germany second, Poland third and Hungary fourth. Czechoslovakia was also the main market for Austrian exports, with Italy second, Germany third, Yugo-Slavia fourth and Hungary fifth. Imports of coal continue to recede. (*Neue Freie Presse*, July 10, and *Oesterreichische Volkswirt*, July 17.)

INDUSTRY

Revolutionary Invention for Generating Electricity.

—An invention likely to revolutionise the methods of obtaining electric current from water power has been made by the Vienna engineer Eduard Suess, a grandson of the well-known geologist of the same name. He has constructed a turbine which he calls a "Freistromturbine" and which is capable of producing electric current directly from flowing water without the need of fuel or of expensive constructions. The water enters in front by a narrow opening and passes a four-flanged propeller to the interior of the turbine and when, in the wider section of the turbine, it loses speed it is sucked out by the river current outside, through little openings round the edge of the large rear opening. In this way the speed of the water entering the turbine is trebled. The official trials, which took place on May 26 last in the presence of several Cabinet Ministers, members of the Diplomatic Corps, engineering experts and others, are stated to have proved most satisfactory. The turbine set up near the Stadlauer Brücke has now been working for some months and supplies electrical current to mills and houses in the vicinity. The Freistromturbine is on the whole of simple construction and does not differ much in appearance from ordinary turbines of the kind. It can be attached to a couple of pontoons anchored in the river. The capacity of one turbine (any number can be placed in a river provided a distance of at least five metres be left between each) is 74 per cent. The cost of producing electric current by this turbine at Vienna, where the Danube has a velocity of

2½ metres per second, is not quite 3 groschen per h.p. hour—the equivalent of about one-fifth of a penny. In case of a river being frozen over in winter the turbine may be placed below the ice so that its activity is not interfered with. (*Central European Observer*, June 4.)

FINLAND

POLITICAL AND GENERAL

General Economic Conditions.—One of the gravest factors in Finland's general economic situation is the unfavourable development of the balance of trade, which is nevertheless due in the main to the severe winter and the difficulties of shipment. A comparison of exports in the first five months of 1925 and 1926 gives the following table (in tons):—

	Jan.—May 1926.	Jan.—May 1925.
Wood pulp	11,772	38,105
Sulphite cellulose... ..	92,679	88,009
Sulphate cellulose	27,222	33,369
Cardboard	16,778	20,629
Newsprint... ..	61,225	63,036
Packing paper	12,197	12,730

An increase in Finnish exports may be expected during the next few months, as there is a favourable market for the more important Finnish articles of export. More than half the timber output, amounting up till the middle of June to 580,000 standards, including 235,000 despatched to England and large quantities to Holland, France, Belgium and Germany, has already been disposed of at the prices agreed upon, though these are said to barely cover the cost of production.

There are, however, other factors which are casting a shadow over economic development. In consequence of the uncertainty in regard to the result of the British strike and the unstable conditions in France it is highly doubtful whether Finland's export to these two countries will attain the extent of the previous year. The harvest does not promise the same good results as last year, at least in the case of rye, while nothing definite is yet known in regard to the other varieties of grain. It does not therefore appear probable that the coming summer will bring with it the same upward movement as the previous year. Even though no reaction should set in nothing more than the maintenance of the present level of trade without any decided tendency either upward or downward can be expected.

The item of the greatest political interest has recently been the question of an arbitration agreement with Russia. The influence of that element in Finland which considers close economic co-operation with Russia a necessity, and therefore endeavours to promote neighbourly relations with that country, is steadily growing. While formerly the two nations persistently irritated one another and this pin-prick policy often led to disturbance of the relations between them, there has recently been a mutual desire for a policy of understanding. The conclusion of a guarantee treaty must, however, be postponed for the present owing to Russia's repudiation of the League of Nations. The Finnish proposal for a guarantee treaty contains the following points: 1. Both States engage themselves to maintain peaceful relations. 2. The guarantee treaty must not infringe the statutes of the League of Nations. 3. All disputes must be settled by mutual agreement or by means of arbitration. (*Wirtschaftsdienst*, July 2.)

FINANCE

The Money and Capital Market.—The hindrance to economic development occasioned by the decrease of exports has also made itself felt in the money and capital market. These undeniable difficulties which are of a more or less incidental nature should not, however, obscure the very favourable development of the Finnish capital market during the last few years, as set forth in the annual report of the bank plenipotentiaries. This report speaks of a powerful

consolidation of the money market and considers this to be the result of the growing capital formation within the country. A few figures will give some idea of this development. In 1913 the deposits in the private banks amounted to 91 per cent. of the money lent by them. This percentage fell in consequence of the war and post-war period to 63 per cent. in 1921 and then rose gradually to 84 per cent. in 1925. In this connection it must be remembered that, in addition to the private banks, the savings banks now play a far greater part in Finland's economic development than formerly. The savings banks in 1925 show an increase of savings deposited of Fmk.135 million, the present total amounting to Fmk.1,939 million. The strength of the present position of the savings banks is shown by the fact that the total deposits of the savings banks amount to 50 per cent. of those of the private banks, so that one-third of the savings of the country is entrusted to them. This development is considered by the private banks as an encroachment upon their own business, and as competition which is reckoned unsound because the savings banks allow a higher rate of interest than they do themselves. Thanks to this internal capital formation it is generally believed that the condition of the money market will become liquid and favourable as soon as exports reach adequate proportions. (*Wirtschaftsdienst*, July 2.)

The credit requirements of the home market have remained extensive throughout the month of June. The total home loans granted by the Bank of Finland rose during the month by no less than Fmk.112.1 mill. to Fmk.735.4 mill., which constitutes the maximum since 1924. During June of last year these loans were reduced by about Fmk.18 mill. The rediscounts of the private banks alone in the Bank of Finland (included in the above figures) showed an increase in June 1926 of Fmk.65 mill. to Fmk.140.3 mill., while in the same month of last year a reduction of rediscounts from Fmk.144.2 mill. to Fmk.11.7 mill. was noted. The total development has a somewhat more favourable aspect, however, when it is taken into account that the deposits of the State in the Central Bank have risen by about Fmk.10 mill. to Fmk.269.2 mill. (June 1925 Fmk.148.9 mill.) and private deposits by Fmk.50 mill. to Fmk.57.6 (June 1925 Fmk.148.9 mill.).

The loans of the Nordiska Foreningsbank, Kansallispankki, Unionbank and Helsingfors Aktiebank increased in June by Fmk.39.1 mill. to Fmk.5,308 mill. Money deposited with them, however, increased yet more rapidly by Fmk.134.4 mill. to Fmk.4,329.8 mill. and the net debts of the market to the banks was thus reduced during the month by Fmk.95.3 mill. to Fmk.978.2 mill. The lowering of the bank rate by the Bank of Finland to $7\frac{1}{2}$ per cent. which was expected at the close of the half-year has not yet taken place, though it is thought that it may be put through shortly. (*Mercator*, July 16.)

TRADE

Foreign Trade Returns for May and June.—Finland's foreign trade during May did not afford a very satisfactory result from the point of view of the balance of trade. Imports as usual at this time of year were very large and amounted in value to Fmk.485.2 mill. as compared with Fmk.438.5 mill. in May 1925. The value of exports, on the other hand, was exceptionally low during May, amounting only to Fmk.286.8 mill. as compared with Fmk.279.4 mill. in April and Fmk.457.7 mill. in May last year.

There were two obstacles in the way of a normal development of export trade during May, the severe winter which prevented the opening of most of the important export harbours in the Gulf of Finland and the Gulf of Bothnia till late in the month and the serious labour disputes in England. Consequently the balance of trade resulted in a surplus of imports of Fmk.198.4 mill., almost the same amount as in April,

whereas in May 1925 there was a surplus of exports of Fmk.19.2 mill. For the whole period January to May 1926 imports amounted to Fmk.1,909.4 mill. and exports to Fmk.1,173.4 mill. as compared with Fmk.1,847.4 mill. and Fmk.1,408.1 mill. respectively during the corresponding period of last year. Thus the surplus of imports for the first five months of the year was no less than Fmk.736.0 mill. as compared with only Fmk.439.3 mill. during January–May 1925. This particularly unfavourable result will appear less alarming if it is remembered that the surplus of imports during the same months of 1924, when the winter was also very severe, totalled no less than Fmk.812.1 mill., while the balance of trade for the whole of 1924 showed a surplus of exports of over Fmk.250 mill. Should the coal strike in England not last too long and the harvest prove fairly good there is no reason why the heavy surplus of imports in the spring should not be outweighed during the latter half of the year.

Although the total imports into Finland for the first five months do not differ materially in their aggregate value from the corresponding figures of last year, there are, nevertheless, quite a number of remarkable differences in the composition of the imports between last year and this. It is to be noted, for instance, that the two most important groups of imports, grain and colonial produce (principally sugar and coffee) which were valued last year at Fmk.331.4 mill. and Fmk.263.4 mill. respectively were brought into the country during the same period of 1926 to a value of only Fmk.194.5 mill. and Fmk.118.7 mill. respectively. In both cases, therefore, a falling off in imports has occurred of about Fmk.140 mill., which was mainly due to the fact that considerable stocks of these imports were laid in previous to the increased rates of duty coming into force on January 1, in addition to an appreciable drop in prices abroad which made imports into Finland



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cheaper this year. The value of imports of spinning and weaving materials has also fallen off since last year from Fmk.136.0 mill. during January-May 1925 to Fmk.127.8 mill. this year and imports of oils and fats have gone down from Fmk.76 mill. to Fmk.68.5 mill. On the other hand imports of a number of important classes of goods have increased since last year, chiefly metal goods and textile goods. The value of metal imports has grown from Fmk.160.2 mill. to Fmk.175.4 mill., machinery imports from Fmk.79.4 mill. to Fmk.124.2 mill. and imports of means of transport (chiefly motor-cars) from Fmk.104.6 mill. to Fmk.165.4 mill. During last May means of transport with Fmk.61.7 mill. recorded the highest import figures for this class of goods, a strong reminder that Finland also is living in the days of automobilism. The imports of woven goods have risen since last year from Fmk.134.5 mill. to Fmk.171.2 mill. and imports of other textile goods from Fmk.77.9 mill. to Fmk.94.3 mill.

Exports from Finland of paper, cellulose and other products of the paper industry, which reached the record figure of Fmk.168 mill. last April were reduced in May to only 107.3 mill. By this means the value of exports of this class for the first five months of the year amounted to Fmk.600.6 mill. as compared with Fmk.623 mill. during the same time last year, but there is good reason to suppose that last year's advantage on this point will be quickly regained within the next few months. Exports of timber in May reached a value of Fmk.103 mill. as compared with Fmk.221.8 mill. in May 1925, chiefly in consequence of shipping difficulties. During the period January to May 1926 timber goods of all kinds were exported to the value of Fmk.211.9 mill. as compared with Fmk.373.3 mill. during the same period last year. Butter, cheese and other animal foodstuffs were exported to the value of Fmk.255.2 mill., which is only slightly in excess of the corresponding value last year.

The exports of the paper industry were particularly active during June. According to information received from the exporting combines, the export of paper of all kinds was about 19,600 tons as compared with 15,100 tons in May, and 29,700 tons of pulp were exported during June as compared with 20,900 tons in May; 13,900 tons of mechanical pulp as compared with only 3,300 tons in May and 3,400 tons of cardboard as compared with 2,700 tons in May. The figures for June of this year are also considerably higher than for the corresponding month of last year. It is therefore not surprising that the total export value of Finland rose in June 1926 to Fmk.580.7 mill., while the value of imports remained at Fmk.512.9 mill. The balance of trade for June thus results in an export surplus of Fmk.198.4 mill., while in June of last year there was an export surplus of Fmk.91.1 mill. For the entire first half-year of 1926 Finland's imports are valued at Fmk.2,442.3 mill. and exports amounted to Fmk.1,754.1 mill., so that the excess of imports over exports for this period was Fmk.668.2 mill. as compared with Fmk.348.2 mill. during the same period last year. (*Mercator*, June 26 and July 16.)

Trade Agreement with Germany.—The temporary economic agreement between Finland and Germany signed on June 26, 1926, is a completion of the temporary understanding of April 1, 1921. The former agreement remains in force and both treaties are valid for an indefinite period but can be revoked after at least one year with three months' notice. The new agreement, which comes into force 30 days after ratification, is based on the principle of the most favoured nation. The contracting parties have mutually engaged to abstain from imposing import and export prohibitions, subject to the usual exceptions. It has been agreed to apply the terms of the Barcelona Agreement to transit trade. Special concessions have been made in regard to customs duties, which in respect of the German tariff relate to various milk products, plywood, packing

paper and newsprint, and on the part of Finland to meat extract, starch, bran, clothing, ready-made wooden goods, books, cards and printed matter, electrical machinery, electro-technical apparatus, electric lamps, fertilisers and artificial tanning material. Finnish cranberries are to be admitted duty-free into Germany. (*Hamburger Fremdenblatt*, July 3.)

Effect of the Strike on Trade with Great Britain.—Finnish trade with Great Britain has naturally been greatly affected by the general strike in England at the beginning of May and the dispute in the British mining industry which still continues. Under normal circumstances the foreign trade of Finland increases greatly in May when the ports are free of ice, but in May 1926 exports to Great Britain only amounted to Fmk.110.8 mill. as compared with Fmk.112.0 mill. in April and Fmk.164.3 mill. in May 1925. Finnish imports from Great Britain which totalled Fmk.77.9 mill. in May of last year and Fmk.62.1 mill. in April 1926, only aggregated Fmk.65.9 mill. during last May.

It is of course difficult to say to what extent strikes or other chance circumstances have influenced the reduction of trade with Great Britain. For the sake of comparison it may be mentioned that Finnish imports from Germany which were valued at Fmk.134.1 mill. in May 1925 have now grown to Fmk.159.5 mill. and imports from the United States have likewise increased from Fmk.62.7 mill. to Fmk.81.1 mill. Among other things Finland imported over 51,000 tons of coal and coke during May to a value of Fmk.11 mill., or exactly as much as during the corresponding month last year. As exports from England were interrupted, the greater part of this quantity of coal was bought in Germany and Poland, in many cases at much higher prices. (*Mercator*, July 2.)

AGRICULTURE

Harvest Prospects.—The Board of Agriculture has recently published the first official report of Finland's harvest prospects. The report, which is based on the observations of the authorities in the middle of June, may be described in general as very favourable. The conditional figures are at present slightly higher than at the same time last year for all plants except rye and wheat. These two kinds of grain were damaged by the fall of snow which set in early last autumn to such an extent that in several places it was necessary when spring began to plough up the fields and sow afresh. Owing to the unusually long winter, spring sowings were in general carried out about ten days later than in normal years. Night frosts occurred in May and even in the second week in June, but no great harm was done by them.

The conditional figures are arrived at according to a scale in which 8 is the maximum and therefore indicates a particularly good crop, 5 an average crop and 1 a failure of crops. On June 15 the figures for the most important kinds of crops were as follows (the corresponding figures for last year being given in brackets): Wheat 4.7 (6.3), rye 4.3 (6.6), barley 5.8 (5.6), oats 5.8 (5.4), potatoes 5.6 (5.2), other vegetables 5.2 (4.8), field hay 6.4 (5.5), and meadow hay 5.2 (4.6). For hay in particular, which plays a large part in dairy production, the figures are considerably better than last year.

It is of course much too early to make any predictions as to the extent of the harvest and its quality this year. In 1923 Finland experienced the greatest failure of crops that had occurred for many years, but this setback was soon made good by the very good harvests of 1924 and 1925. In order to illustrate the importance of agriculture for the economic life of Finland it may be mentioned that the gross value of its production in 1924 was estimated at Fmk.5,732 mill. Factory production in the same year bore a gross value of Fmk.9,331 mill. and forestry approximately Fmk.4,440 mill. If the cost of the raw materials employed in these branches of production is left out of account, the economic value represented by agriculture amounted

to Fmk.4,557 mill., while factory production was valued at Fmk.4,263 mill. and forestry at Fmk.2,200 mill. It will therefore be seen to what extent the result of the harvest influences the general trade conditions of the country. (*Mercator*, July 2.)

SOCIAL AND LABOUR CONDITIONS

Labour Troubles.—A number of strikes among industrial labourers have recently broken out in various parts of Finland. Up to the present only about 4,200 men are on strike, 3,500 of these being workers at the Kemi sawmills and timber yards. Though strikes have been a fairly general occurrence in Finland in the early summer when the shipping of timber begins and work is consequently plentiful, the present disturbances have attracted a certain amount of attention in view of the remarkable calm which has prevailed more recently in the labour market. During the whole of 1925 only 2,920 workers were involved in strikes throughout the entire country, a considerably lower number than that of the men at present on strike.

The cause of the dispute at Kemi is a demand for increased wages, the ultimatum presented on June 17 by the hands of the sawmills at Karihaara, Laitakari and Roytta requiring increases in the wages of sawmill labourers by 5 to 10 per cent., in those of the loading hands by 20 to 30 per cent., and in the hourly wage of the remainder by up to 40 per cent. The company informed the workers that the question had been referred to the Federation of Employers in the timber industry, who refused all general increases in wages with the exception of some individual adjustments. The workers then declared a strike on June 29, about 2,500 men participating. On July 1 about 1,000 stevedores came out in sympathy. As no less than 15 vessels were then lying in the port of Kemi awaiting loading, the Kemi Company took measures to continue the work with voluntary aid, and additional police were drafted to Kemi to maintain order.

About one hundred timber yard workers at Raumo went on strike on June 25 for the same reason, and the stevedores immediately refused to load timber, so that the sawmill had to be closed and work at the sulphite mill will soon come to a standstill for lack of raw material. In this way more than 1,000 men will soon be out of employment. A strike is also in progress in the timber yard of the firm of Raahe O.Y., and work at the Ruukki sawmill has come to a standstill. Strikes broke out on June 29 at all the timber yards in Abo, but the largest firm there, Vienti-Export O.Y., gave way to the workers' demands and the strike at this particular firm immediately ended.

Smaller strikes are going on in the metal, joinery and glass industries, and there are wages disputes in various places involving about 5,200 hands. The workers of the Finska Socker A.B., which owns all the sugar refineries in the country, have formulated a demand for an increase in their wages of Fmk.1 per hour.

Employers do not consider it probable that the strikes in the sawmill industry will spread far enough to endanger Finland's export trade, as they are an annual occurrence of no vital importance. (*Mercator*, July 9.)

GERMANY

FINANCE

Reich Revenue Returns for June.—According to the recently published review of Reich revenue from taxation the June returns have maintained precisely the same level as those of the previous month, showing a total of Rmk.435.27 mill. as compared with Rmk.435.44 mill. in May. The ownership and transport tax produced Rmk.265.7 mill. as compared with Rmk.274.1 mill. in the previous month. This falling off in revenue was compensated by increased returns from Customs and consumption duties, which produced Rmk.169.4 mill. as compared with Rmk.161.3 in May. Returns from income tax showed a further reduction in consequence of the continued widespread unemployment, amounting to Rmk.124.03 mill. as compared with Rmk.130.7 mill. in May (April, Rmk. 215.64mill.; March, Rmk.135.20 mill.). The corporation tax also dropped from Rmk.11.06 mill. in May (April, Rmk.36.28 mill.; March, Rmk.5.20 mill.) to Rmk.7 mill. The capital tax produced only Rmk.8.7 mill. as compared with Rmk.13.1 mill. in the previous month. Revenue from the turnover tax amounted to Rmk.59.31 mill. as compared with Rmk.63.32 mill. in May, Rmk.102.61 mill. in April and Rmk.73.45 mill. in March. This included an item of Rmk.1.1 mill. from the luxury tax, which expired on May 1. The wine tax still appears under the consumption taxes with a sum of Rmk.3.9 mill., although it also has been discontinued. Compensation is afforded for the above decreases in revenue by increased returns from certain other taxes. The motor car tax returns have been doubled, increasing from Rmk.6 mill. to over Rmk.12 mill., while the transport tax jumped from Rmk.11 mill. to Rmk.15 mill. in consequence of the increased travelling in June. Customs duties produced Rmk.63.1 mill. as compared with Rmk.54.7 mill. in May. (*Deutsche Allgemeine Zeitung*, July 20.)

The Bourse and Money Market in June.—Activities on the Berlin Bourse during June revealed an exceedingly firm tendency which led on several occasions to a series of remarkable rises. Temporary relapses, which may be attributed to the excessive suddenness of the upward movement, were invariably equalised and prices rose to even higher levels. The following table shows the scale of quotations in June and in the first half of July (in terms of per cent.):—

	June 1.	June 30.	July 13-
Darmstadt Bank	135	174	179
Deutsche Bank	132	154	165
Reichsbank	149	160	160
Hamburg-America Line	134	152	154
Hamburg-South America	107	127	136
Norddeutscher Lloyd	130	146	148
Adlerwerke	61	80	82
Daimler	66	80	91
I.G. Dye Industry	190	253	252
Th. Goldschmidt	79	96	98
Oberschlesische Koks.	68	104	96
Rütgerswerke	84	114	105
Allg. Elektrizitäts Ges.	125	148	142
Electric Light and Power	136	146	140
Gesfürel	146	165	160
C. Lorenz	106	112	103
Siemens and Halske	159	176	166
German Potash	114	127	121
Salzdetfurth	154	174	166
Westeregeln	128	161	154
Berlin Machine	72	99	94

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	June 1.	June 30.	July 13.
Gorlitz Waggon	28	30	35
Linke Hofman	53	84	76
Orenstein and Koppel	75	100	75
Augsburg Nuremberg Machine	72	102	93
Berlin Karlsruhe Ind.	63	93	82
German Machine	53	110	95
Humboldt Machine	44	68	63
Gelsenkirchen	111	164	162
Harpener	126	149	144
Klockner	79	118	110
Mannesmann Röhren	102	130	130
Phoenix	85	123	114
Rhine Steel... ..	120	146	137
Conti Rubber	103	120	123
Phil. Holzmann	65	77	86
North German Wool	103	125	124

It is frequently asked whether a boom of this nature is justified by actual economic development. Unemployment, serious though it is, cannot be considered an adequate scale to go by. On the one hand a great number of men before the war were employed on military service, and on the other pre-war Germany always had a so-called industrial reserve army for a period of economic boom. The unemployment figures may also be due to the fact that rationalisation methods (highest efficiency at lowest cost of production) now effected in all industries are eliminating unproductive labour, and therefore rendering a certain amount of unemployment unavoidable for the moment.

The reduction of bankruptcy figures would indicate economic improvement. The decrease in coal pocket tonnage and increased coal, steel and iron production seem to indicate that the lowest point of the depression has been surpassed and that the development has taken an upward trend. The suggestion that this evident improvement is merely the result of the coal strike in England may be correct, but it is not of decisive importance. The immediate consequences of the strike are felt not only in the increased output and turnover of the coal industry but also indirectly in other branches, such as the iron, steel and textile industries, and in the freight business. While last year's tightened monetary conditions faced an overburdened, heavily involved economic structure, the inflated substance of which had to be compressed in order to adapt it to the new standards, the deflation period can now be considered as overcome, particularly in view of the present liquidity in the money market. Just as the elimination process of poorer and less efficient enterprises led to a period of economic depression, the further development of the rationalisation of German commerce and industry point the way to economic improvement. Hence the market price movement should not be considered so much as a scale whereby to determine a present economic betterment, but rather as reflecting rationalisation tendencies which will restore and raise Germany's capacity to compete on the world market. Technical improvements, new patents, national and international amalgamations, all tend to cheapen production and enlarge the market radius, which in turn will lead to increased employment. If increased industrial turnover is the immediate purpose of the rationalisation and amalgamation policy, this movement in its turn is creating economic organisations which may develop in future into German members of international syndicates. Just as close international associations already exist in the potash, electric bulb, railroad track, copper and artificial silk industries, it is very possible that further important fields, such as the coal, iron, steel, electrical and chemical industries, are at the threshold of amalgamatory development. Germany is ready for international co-operation, though her reparation burden should not be underestimated. From many points of view the Dawes Plan has proved to be the bulwark behind which German rehabilitation is going forward. It is to the interest of Germany's creditors to refrain from placing obstacles in the way of her economic recovery, and it is even suggested in some foreign quarters that Germany may be called upon to co-operate in the stabilisation of the franc, which would considerably alleviate her obligations.

Strenuous German industrial efforts have led on several occasions to feverish tension on the Stock Exchange. It has been widely asserted that the increased figures on the contract market as compared with cash operations show that the market is overburdened with speculative purchases and that the present hopeful economic prospects hinder traders from paying sufficient attention to the question of actual worth. There is no doubt that much capital is seeking investment on the stock market which in a period of economic improvement would be rapidly consumed by commercial and industrial enterprises. Despite all apprehension, however, the liquidity of the money market continued through the mid-July settlements, particularly in view of the fact that the foreign section of the United Steel Works' loan and the launching of other German loans abroad brought more extensive sums of money into German channels. The amalgamation of the Cologne-Rottweil Company and the I.G. Dye Industry, which was effected without increase of capital, once more proves the power of the dyestuff concern. The substantial improvement in bank shares under the leadership of the Darmstädter and Deutsche Banks deserves special attention. (*Report of Hagen and Co.*, July 17.)

TRADE

Foreign Trade Returns for June and the First Half of 1926.—The balance of trade has experienced a further depreciation in June, and shows a deficit for the first time this year. The export of manufactured goods shows a negligible increase of Rmk.3 mill., while the export of raw materials has risen by Rmk.25 mill. On the other hand the import of raw materials and semi-manufactured goods shows an increase of Rmk.62 mill. and that of manufactured goods one of Rmk.14 mill., while the import of foodstuffs has increased by Rmk.11 mill. The total import of goods has increased by Rmk.89 mill., and the net goods export by Rmk.30 mill. so that the balance of trade has changed from a narrow export surplus of Rmk.26 mill. in May to a small deficit of Rmk.33 mill. in June. On the whole there has been neither an improvement nor a depreciation in foreign trade for the changes as compared with May are too slight for any conclusion to be drawn from them.

Imports and exports in the past three months and in the first half of 1926 were distributed as follows under the main groups of commodities (in millions of Reichsmarks—(a) pre-war value, (b) present value):—

		April.	May.	June.	First half of 1926.
<i>Imports.</i>					
	Foodstuffs and beverages ...	(a) 203 (b) 268	209 282	214 293	1,130.6 1,514.2
Raw materials and semi-manufactured goods	(a)	292	271	322	1,714.8
	(b)	357	324	387	2,106.9
Finished products	(a)	71	71	83	433.4
	(b)	90	88	102	562.6
Gold and silver	(a)	5.62	3.76	3.72	139.0
	(b)	5.89	3.77	4.02	140.7
Total (including live stock)	(a)	578	562	633	3,458.7
	(b)	729	706	796	4,369.4
<i>Exports.</i>					
	Foodstuffs and beverages ...	(a) 26 (b) 28	23 25	24 27	205.3 242.6
Raw materials and semi-manufactured goods	(a)	132	130	155	847.9
	(b)	153	154	179	1,004.8
Finished products	(a)	427	398	408	2,523.3
	(b)	597	548	551	3,515.0
Gold and silver	(a)	2.35	1.91	1.81	21.2
	(b)	2.39	1.91	1.82	21.8
Total (including livestock)	(a)	587	554	589	3,602.5
	(b)	782	731	761	4,790.2

The import of foodstuffs and beverages shows an increase as compared with the previous month of Rmk. 10.7 mill. The main increases occurred in the import of potatoes, vegetable oils, herbs and lard. The import of wheat has decreased by Rmk.10.9 mill. The import of raw materials and semi-manufactured goods has increased by Rmk.62.4 mill. in comparison with May. Textile raw

materials participate in this increase to the extent of Rmk.21.6 mill. including an increase of Rmk.17.8 in the import of wool. Peltry, copper, skins and hides all show considerable increases. The import of finished products has increased by Rmk.14.4 mill., including Rmk.7.5 mill. in respect of textile finished products, and Rmk.1.4 mill. in respect of rolling mill products and iron goods. The export of foodstuffs and beverages has increased slightly by Rmk.1.5 mill. The export of raw materials and semi-manufactured goods shows an increase of Rmk.25 mill. Exports of hard coal (with an increase of Rmk.13.2 mill.) and sulphate of ammonia are chiefly responsible for this increase. The export of textile raw materials has remained practically unchanged. There has been an unimportant increase of Rmk.3.1 mill. in the export of finished products. The export of textile finished products increased by Rmk.1.9 mill., and that of rolling mill products and iron goods by Rmk.2.2 mill. as compared with the previous month. Dyes, varnish and lacker show a decrease of Rmk.3.7 mill., and machines one of Rmk.1.1 mill. The import and export of gold and silver remain practically unchanged as compared with the previous month.

The German balance of trade for the first half of 1926 shows in the net goods turnover an export surplus of Rmk.540 mill. and in the total turnover one of Rmk.421 mill., the import surplus of gold and silver amounting to Rmk.119 mill. This result is unfortunately due in the first place to the restriction of the raw material import in consequence of the economic crisis. The reduction of the foodstuffs and manufactures imports has also contributed to the improvement in the balance of trade, while the export of manufactures has had but little to do with it. In the last five half years the following development has taken place (in millions of Reichsmarks) :—

	Export of manufactures.	Import surplus of a. Food-stuffs and live stock.	b. Raw materials and semi-manufactured goods.	Import of manufactures.
1913 (half-year) ...	3,373	2,010	1,003	696
First half-year 1924 ...	2,315	925	2,095	924
Second half-year 1924 ...	2,876	1,411	1,582	857
First half-year 1925 ...	3,121	1,670	2,659	1,059
Second half-year 1925 ...	3,505	1,952	1,973	946
First half-year 1926 ...	3,515	1,311	1,102	363
Pre-war value 1926 ...	2,523	961	866	433

According to the above table the import surplus in foodstuffs has returned to the 1913 level, in connection with which it should be remembered that the sugar export, which amounted to Rmk.267 mill. in 1913, has almost ceased to exist. It is improbable that the foodstuffs import will be so low in the second half year as in the first as the grain imports fall in the autumn. The import surplus in raw materials amounted in the first half of 1926 to not quite half of the 1913 figure. It is very improbable that this low figure can be maintained. The decrease in the import of manufactures is also attributable, at least in part, to the present economic crisis. The level of the present import of manufactures may be considered in keeping with the present economic conditions. On the other hand the export of manufactures up to the second half of 1925 shows a favourable development. In the first half of 1926, however, no further progress was made. The export of manufactured goods has only reached 75 per cent. of the pre-war export figure.

The steady improvement in the balance of trade in the individual industrial branches shown in the following table is almost entirely due to a restriction in raw materials drawn by them from abroad and not to any improvement in exports. The following table is drawn

up in millions of Reichsmarks, — indicating an import surplus and + export surplus :—

Branch of industry. (Half-year.)	1913.		1925.		1926.
	First half-year.	Second half-year.	First half-year.	Second half-year.	First half-year.
Cotton industry ...	-128.9	-463.3	-424.4	-	-78.7
Wool industry ...	-81.8	-373.3	-125.3	-	-101.0
Silk industry ...	-31.5	-14.0	-28.6	-	+23.8
Other textile industries ...	-49.7	-99.9	-24.0	-	+20.1
Ready-made clothing ...	+55.7	+45.2	+41.6	-	+45.2
Textile industry ...	-236.2	-905.3	-560.7	-	-90.8
Iron industry ...	+509.8	+349.3	+471.8	-	+582.6
Copper industry ...	-62.4	-112.1	-18.9	-	+35.7
Other metal industries ...	-11.8	-119.5	-44.0	-	+0.1
Machine industry ...	+262.9	+235.3	+274.5	-	+303.1
Electro-technical industry ...	+138.7	+134.6	+165.7	-	+156.7
Metal industry ...	+837.3	+487.6	+849.1	-	+1,078.2
Leather and skin industry ...	-56.4	-143.6	+3.3	-	+97.6
Paper industry ...	+97.5	+115.3	+126.9	-	+184.4
Chemical and dye industry ...	+240.4	+281.7	+385.6	-	+404.6
Timber industry ...	-132.2	-146.2	-147.4	-	-56.0
Clay, china and glass ...	+113.9	+134.7	+152.6	-	+159.3
Rubber industry ...	-7.7	-44.9	-45.9	-	-0.4
Automobile and motor cycle industry ...	+36.2	-26.0	-18.6	-	-8.4
Shipbuilding industry ...	6.9	-4.0	+40.5	-	+39.6
Fine mechanical industry ...	+65.6	+106.3	+90.3	-	+97.9
Toy industry ...	+51.1	+34.9	+74.0	-	+36.0
Oil industry ...	-293.9	-363.3	-327.2	-	-302.4
Tobacco industry ...	-71.3	-111.7	-147.3	-	-51.8
Various industries ...	-90.2	-58.0	-13.2	-	+100.5
Total for all industries ...	+553.6	-614.7	+481.0	-	+1,712.3

By far the most (apparently) favourable development occurred, therefore, in the textile industry, whose import surplus declined from Rmk.905 mill. to Rmk.91 mill. This result was obtained by the decrease of the textile raw material import from Rmk.1,077 mill. to Rmk.656 mill., of the yarn import from Rmk.429 mill. to Rmk.172 mill. and of the textile finished products import from Rmk.183 mill. to Rmk.81 mill. The export of textile manufactures rose only from Rmk.509 mill. to Rmk.523 mill., while the export of iron goods rose from Rmk.582 mill. to Rmk.687 mill., the balance of trade having improved to the extent of Rmk.233 mill. The improvement was due in this case also to reductions in the import of raw material, and to a certain extent in that of manufactured goods. The export of paper goods likewise increased only from Rmk.142 mill. to Rmk.175 mill. while the balance of trade in the paper industry improved by Rmk.69 mill.

Although the development of Germany's balance of trade in the past half year may be considered favourable as regards her balance of payment and her obligations in connection with the Dawes agreement, from the point of view of national economics an indefinite protraction of this form of development will prove impracticable and insupportable. No true improvement can be effected in the balance of trade except through the increase of exports. (*Deutsche Allgemeine Zeitung*, July 23, 24.)

AGRICULTURE

State of the Crops in July.—The wet weather which set in in May continued throughout June up till the last third of the month, and to such an extent that considerable floods occurred in low-lying districts, where the crops were for the most part destroyed. The excessively heavy rainfall has caused considerable damage to heavy soils, though the results were favourable on the lighter soils, where the development of the crops was promoted by it. With the cessation of the rainfall in the last third of June an improvement of the heavy soil crops occurred.

According to estimates formed at the beginning of July, grain crops on the whole had a healthy and strong

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appearance. Winter grain had not only maintained its satisfactory condition, but showed some slight improvement. In the case of winter rye, a good deal of the bloom was destroyed by the heavy rain, so that a defective corn formation must be expected. The prevailing moisture has occasioned a certain amount of yellow mould in the case of winter wheat. Summer grain in general is thought of more favourably than in the previous month, and, in contrast to winter grain, also in comparison with the corresponding period of last year. Summer barley and oats are in the best condition, and good crops are expected, chiefly in Southern and Central Germany. There are universal complaints of weeds among the summer grain. Root crops seem to have suffered even more seriously than the grain from the wet weather in June, which is shown in the lower valuation as compared with the previous month. The most serious damage has been sustained by the late potatoes, which already show a considerable amount of rot. Beetroot has in general been thinned out and shows a sturdy growth, though further development is threatened by weeds. The wet weather has had a very unfavourable effect on clover and meadow hay, which was kept back in most places till the end of June. Floods and moisture have rotted large quantities of hay and grass, which can only be used for litter. The fodder has in many cases become rank through the enforced delay in cutting, and therefore leaves much to be desired as regards quality. The results do not come up to the general expectation.

The following table shows the valuation of the crops at the beginning of July 1926 (1 = very good, 2 = good, 3 = medium, 4 = poor, 5 = very poor) :—

Reich average at the beginning of				
	July 1926.	June 1926.	July 1925.	July 1913.
Winter wheat ...	2.6	2.7	2.4	2.5
Winter rye ...	2.9	3.0	2.5	2.6
Winter spelt ...	2.6	2.5	2.3	2.3
Winter barley ...	2.7	2.8	2.5	—
Summer wheat...	2.7	2.7	3.1	2.7
Summer rye ...	2.8	2.9	2.9	2.6
Summer barley	2.5	2.6	2.9	2.4
Oats ...	2.6	2.7	3.2	2.8
Potatoes ...	2.9	2.8	2.7	2.7
Sugar beet ...	3.0	2.9	2.8	—
Red beet ...	3.0	2.9	2.9	—
Clover ...	3.1	3.3	2.7	2.7
Lucerne ...	2.7	2.9	2.7	2.5
Watered meadows	2.5	2.6	2.4	2.1
Other meadows	2.7	2.9	2.5	2.7

(*Wirtschaft und Statistik*, July 21.)

POLAND

FINANCE

Improved Returns from Monopolies.—The yield of the Polish monopolies continues to improve. According to the *Mittleuropäische Wirtschaft*, *Neue Freie Presse*, of July 10, the tobacco monopoly yielded 17 mill. zlotys in January, 18 millions in both February and March, 19 millions in April, 20 millions in May and 22 mill. zlotys in June. The total tobacco receipts for the first half of the present year thus amounted to 114 mill. zlotys. The estimated figure for the whole year is 200 mill. zlotys; the receipts to date are therefore 14 per cent. higher than the estimates for the half-year.

The returns of the other monopolies for the complete half-year are not yet available. The spirit monopoly yielded in the first five months a total revenue of about 90 mill. zlotys. The aggregate yield of all the monopolies during the first four months of the year was 160.2 mill. zlotys, as against only 114.5 millions in the corresponding period last year.

TRADE

Foreign Trade Returns.—The figures of imports and exports for the first five months of the present year show an improvement upon those of the corresponding period of the preceding year, imports having receded from 1,666,177 tons to 809,037 tons in quantity and from

878,183,000 zlotys to 472,846,000 zlotys in value, whilst exports have increased from 526,466,000 zlotys to 768,237,000 zlotys in value despite the slight drop in quantity from 5,926,964 tons to 5,732,968 tons. The adverse balance of 351,717,000 zlotys in the foreign trade of Poland during the first five months of 1925 has thus been converted into a favourable balance of 295,391,000 zlotys for the corresponding period this year. The figures tabulated below, which are extracted from the complete list of the provisional returns published in the *Wiadomosci Statystyczne Głównego Urzędu Statystycznego* of June 20 last, enable the tendency of the foreign trade movements in the different categories to be followed :—

Imports, January to May.				
	Quantity in tons.		Value in millions of zlotys.	
	1926.	1925.	1926.	1925.
Foodstuffs ...	89,221	460,778	95.1	248.0
Livestock (head) ...	16,333	226,141	0.1	0.8
Animal products ...	6,175	10,010	24.9	56.4
Timber and wood products ...	8,708	42,379	2.3	6.0
Plants and seeds ...	9,133	12,421	9.1	11.7
Building materials and ceramic products	273,024	363,350	4.7	8.0
Minerals and products not classified elsewhere ...	153,847	151,488	13.4	8.6
Glassware ...	815	3,165	1.7	3.5
Fuel, asphalt, petroleum and derivatives ...	35,565	161,428	2.1	5.1
Rubber ...	489	959	6.6	5.3
Chemicals, non-organic	95,156	171,707	19.4	24.0
Chemicals, organic ...	21,788	44,245	31.5	21.3
Colours and varnishes	1,864	3,982	3.5	4.2
Other chemical products	1,247	3,661	3.6	5.3
Metals and wares ...	53,730	124,037	22.2	48.1
Precious metals (grammes) ...	328,737	4,349,432	0.34	1.95
Machinery and apparatus	8,871	25,452	29.9	48.0
Electric apparatus ...	3,241	5,325	11.3	13.3
Watches and clocks...	13	73	0.35	1.4
Musical instruments	92	562	1.1	3.7
Arms and munitions	23	93	0.4	1.5
Vehicles ...	3,537	8,217	14.2	20.5
Paper and wares ...	9,677	21,176	7.0	12.0
Books, etc. ...	516	911	3.5	7.1
Textiles, materials and products ...	28,712	48,050	148.4	247.6
Clothing ...	278	1,400	9.5	44.9
Articles of fashion ...	79	545	1.5	7.3
Instruments, balances, school fittings ...	232	762	4.8	12.0
Miscellaneous ...	4	1	0.04	0.005
Exports, January to May.				
Foodstuffs ...	595,691	250,126	257.2	118.8
Livestock (head) ...	584,000	418,383	50.2	35.5
Animal products ...	9,504	6,577	16.3	14.5
Timber and wood products ...	1,753,855	1,181,772	133.9	96.6
Plants and seeds ...	30,907	32,526	15.3	13.7
Building materials and ceramic products	66,794	150,739	1.1	1.8
Minerals and products not classified elsewhere ...	26,906	2,978	0.7	0.7
Glass and glassware	989	655	0.9	0.7
Fuel, asphalt, petroleum and derivatives	3,084,312	4,094,956	127.5	96.0
Rubber ...	164	6	1.1	0.04
Chemicals, non-organic	42,659	51,535	7.1	4.5
Chemicals, organic ...	11,755	9,364	5.0	2.7
Colours and varnishes	1,044	1,922	1.6	1.8
Other chemical products ...	732	656	0.7	0.5
Metals and wares ...	81,621	111,265	84.7	65.2
Precious metals (grammes) ...	246,869	48,322	0.06	0.01
Machinery and apparatus ...	2,323	3,217	4.7	6.0
Electric apparatus ...	309	289	0.3	0.2
Watches and clocks...	—	1	0.01	0.06
Musical instruments	7	8	0.06	0.05
Arms and munitions	—	—	0.005	0.01
Vehicles ...	277	139	0.4	0.2
Paper and wares ...	7,772	12,321	3.1	4.6
Books, etc. ...	164	159	1.1	1.3
Textiles, materials and products ...	15,129	15,601	51.4	55.6
Clothing ...	103	92	2.3	2.5
Articles of fashion	14	30	0.6	2.2

	Quantity in tons.		Value in millions of zlotys.	
	1926.	1925.	1926.	1925.
Instruments, balances, school fittings ...	10	29	0.2	0.5
Miscellaneous ...	18	1	0.4	0.005

Import Regulations.—The following is a précis of an explanatory contribution to the *Polish Economist* (July) on the import regulations in force in Poland.

After a free trade policy had been adopted by Poland in the year 1924, a small number of restrictions were maintained. They mainly concerned articles of a luxury character. The return to a policy of regulations took place at the end of 1925, in connection with the economic conflict with Germany, which resulted in an embargo being put on a number of commodities previously imported from that country. The articles affected were mainly luxury and semi-luxury, and also all those which were imported from Germany in large quantities or through its intermediary. Imports of machinery, raw materials and semi-finished articles necessary for home production, not produced in Poland, were not interfered with. Detailed specifications of the commodities affected by the embargo are to be found in the new edition of the Polish Customs Tariff.

To prevent German goods being imported through the neighbouring States, the prohibitive regulations have been extended to those countries. At the same time, for States possessing commercial treaties with Poland, importation contingents were determined, these being later definitely specified in individual treaties with the States interested. The importation of all commodities affected by the regulations is now allowed, on submission of permits issued by the Ministry of Industry and Commerce, provided the quotas allowed to be introduced into the country are not exhausted.

In order to make certain that the permit has been issued to cover the actual requirements of trade and home production, the interests concerned are given a decisive influence in the matter of distribution of the contingents. This has been attained by the creation of a special board named the Central Import Committee, composed of representatives of trade organisations, as well as all Chambers of Commerce. The Committee is appointed to prepare and submit drafts of motions on the strength of which the Ministry of Industry and Commerce may grant the necessary permits. Applications for permits presented by importers are considered twice: first by the local trade organisation having regard to the individual commercial qualifications of the applicants, and again at the plenary sittings of the Committee, which takes a decision on the strength of the general needs of the community.

Import permits are granted solely to registered firms possessing the requisite trade licences, and operating on the territory of the Polish Republic (including the Free City of Danzig). Firms are required to submit to their organisations applications for permits, containing description, weight and value of goods, as well as the Customs house through which they are to pass. The applications should be supplemented with invoices, proforma invoices or other commercial documents. Applications for permits are accepted upon the production of trade licences in original or a copy certified by a Notary Public. Information is also given as to the prospects for the issue of a permit. After a decision has been taken, the applicant is informed of the issue and is required to pay the manipulation fees, which are fixed at 4 per cent. of the value of the goods on the home market. The permits are valid for 3 months after their issue, without the privilege of prolongation. The goods may, however, be cleared in instalments, during the period of validity.

Import licences may also be submitted by foreign exporters. They should be addressed to the nearest Polish Diplomatic or Consular Post or directly to the Ministry of Industry and Commerce in Warsaw. The name of the Polish importer should also be given. Such applications are sent to the Central Committee for

dispatch to the respective trade organisations, who get in touch with the Polish buyer, in order that the application may be endorsed by him. After being confirmed, the application follows its usual course. This procedure, adopted for certain special cases, is somewhat inconvenient. It is therefore recommended in the interests of both the seller and the buyer that the application be made by the Polish importer. The procedure described is applied to imports from all countries except Germany. It should be mentioned that imports coming through German ports are treated in the same way as those from Germany—no attention being paid to the origin of the commodity.

Import licences for small parcels destined for private individuals are granted in a much simpler manner.

Special import contingents have been determined for the Free City of Danzig. These embrace all foreign countries including Germany and have no relation whatsoever to the general contingents.

SOCIAL AND LABOUR CONDITIONS

The Cost of Living and Wholesale Prices.—According to the report issued by the Central Statistical Office at Warsaw retail prices have followed the course shown below during the first five months of the present year as compared with the situation at the end of 1925 (1914 = 100):—

	Retail Price Index Numbers.			
	General index.	Food-stuffs.	Home-grown agricultural products.	Manufactured articles.
December 1925	220.9	211.9	202.7	231.1
January 1926 ...	215.7	202.2	195.8	231.0
February „ ...	215.3	200.8	194.2	232.5
March „ ...	214.6	199.9	192.9	232.0
April „ ...	227.6	221.0	211.9	236.2
May „ ...	246.6	236.8	227.2	259.8

For most articles of prime necessity there was a tendency for prices to move slightly downwards during the first half of June, as compared with the end of May. The following index numbers of a few of the retail prices of the chief commodities in June are indicative of the general movement (1914 = 100): Bread, 200 in the middle of June (206.9 at end of May); wheat flour, 281.1 (291.9); beans, 256.4 (256.4); rice, 224.6 (223.1); potatoes, 277.8 (277.8); milk, 195.3 (200); butter, 206.6 (222.4); beef, 191.9 (194.3); sugar, 170.3 (170.3); tea, 272.2 (271); corn coffee, 135.2 (134); coal, 128.2 (130.8); and wood, 193.8 (193.8).

The cost of living index number at Warsaw showed in February a decline of 0.5 per cent. as compared with the preceding month; in March, a decline of 0.7 per cent.; in April, an increase of 4.1 per cent.; and in May an increase of 5.5 per cent. The increase in the cost of living index number in May was lower at Warsaw than most of the other large centres, with the exception of Lodz (5.3 per cent.), Posen (5.3 per cent.) and Radom

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(0.5 per cent.). At Sosnowiec and Bydgoszcz the increase in May was as high as 10.4 per cent.

The general index number of wholesale prices of 57 of the main articles of consumption (1924 = 100) has moved from 154.8 in December 1925 to 142.1 in January 1926, 146.1 in February, 145.7 in March, 166.6 in April and 181.2 in May. The following table shows the increase or decrease in the index numbers of the respective categories month by month over the same period:—

1926.	Wholesale Prices.				
	Increase per cent. on the preceding month.				
	Jan.	Feb.	March.	April.	May.
General index of 57 articles	— 8.2	+ 2.9	— 0.3	+ 14.3	+ 8.8
Home-grown agricultural products ...	— 11.0	+ 4.5	— 1.5	+ 18.3	+ 11.2
Manufactured articles ...	— 7.3	+ 2.5	+ 0.3	+ 11.7	+ 7.8
Cereals and vegetable foodstuffs	— 16.1	+ 3.9	+ 1.3	+ 39.3	+ 18.7
Animal foodstuffs ...	— 6.5	+ 4.5	— 4.5	+ 0.6	+ 5.0
Colonial products and sugar ...	— 5.2	+ 2.5	— 0.03	+ 20.0	+ 7.2
Hides, skins, raw and prepared ...	— 15.5	+ 3.7	+ 1.9	+ 33.2	+ 11.5
Textiles, raw materials and products ...	— 10.7	+ 5.6	+ 1.4	+ 19.4	+ 9.1
Metals & coal	— 5.4	+ 1.9	+ 0.4	+ 9.7	+ 11.5
Building materials ...	— 3.6	0.0	— 3.1	0.0	+ 1.7
Chemical products and miscellaneous	— 2.8	+ 1.4	0.0	+ 4.3	+ 4.9

(*Wiadomości Statystyczne Głównego Urzędu Statystycznego*)

CENTRAL AMERICA

MEXICO

Intensification of British Trade with Mexico.—Some useful suggestions for intensifying British trade with Mexico were offered by Señor Don Gilberto Valenzuela, the recently appointed Mexican Minister to Great Britain, in an address he delivered to the Mexican section of the London Chamber of Commerce soon after entering upon his official duties in this country. He considered that there were big possibilities for British trade in Mexico, and made the following suggestions:—

(a) Above all is to be recommended a direct relationship or contact between the industrialists and business men of our two countries, with the exclusion of middlemen or third parties from other countries.

(b) All products and articles of British manufacture and their uses and application should be made known throughout the Republic of Mexico, and in this manner many British products at present unknown would have an important market there.

(c) It would prove very helpful if the representatives or travelling agents of British concerns, besides being familiar with the Spanish language, would familiarise themselves with the psychology and characteristic habits and manners of the Mexican people.

(d) The establishment of direct steamship lines between Mexican and English ports, as has been done with great success by the United States of America, Spain, France, Holland, and Germany, would prove very beneficial to the trade development of the two countries.

(e) A sincere and closer co-operation between the commercial institutions of the two countries is to be recommended, so that the diplomatic relations of our respective Governments may be closer and more cordial every day. (*Guía Anglo-Sudamericana*, May.)

Increased Textile Imports from the United States and Great Britain.—Among Latin American countries, Mexico ranks third as a market for United States textile manufactures, its purchases of such commodities being exceeded only by exports to Cuba and Argentina. Total United States exports of textile fibres and manufactures thereof, other than raw cotton and linters, which constituted approximately 83 per cent. of the total value of the textile group in both 1924 and 1925, amounted to \$218,619,000 in 1925, compared with \$192,987,000 in 1924. Of these amounts, Mexico took \$13,404,000 in 1925, against \$12,702,000 in 1924, or about 6.1 per cent. of the total in 1925 and 6.6 in 1924.

Of the total United States exports of textile fibres and manufactures to Mexico, cotton manufactures comprised 57.3 per cent. in 1924 and 59.2 per cent. in 1925. The total value of Mexican purchases of American cotton manufactures rose from \$7,273,000 in 1924 to \$7,937,000 in 1925—a gain of 9.1 per cent. Cotton cloth represented approximately 54 per cent. of the exports of cotton manufactures to Mexico in both years, but the shipments of this commodity increased from 18,001,000 square yards valued at \$3,899,000 in 1924 to 21,142,000 square yards, worth \$4,496,000, in 1925.

Larger shipments of all classes of American cotton cloth, except bleached duck and the general classification "unbleached cotton cloth, other than duck," were made to Mexico in 1925 than in 1924, but the greatest gains were recorded for printed and dyed goods.

Not only did Mexico considerably increase its purchases of cotton cloth from the United States, but it took almost 54 per cent. more British piece goods in 1925 than in 1924. British exports of cotton piece goods to Mexico mounted from a total of 13,518,000 square yards valued at £616,819 (\$2,726,340) in 1924 to 20,760,500 square yards with a value of £916,012 (\$4,424,773) in 1925. Shipments of all classifications of British piece goods registered gains in 1925 as compared with 1924, but increases of 3,000,000 square yards in piece-dyed goods and of 2,000,000 in bleached were the most important.

Of the \$5,467,000 worth of textile fibres and manufactures, other than raw cotton and cotton manufactures, exported from the United States to Mexico in 1925, wool manufactures constituted the largest group, with an aggregate value of \$1,197,000. Silk manufactures came next with a total of \$941,000, followed by jute manufactures with \$656,000 and rayon manufactures with \$618,000. Comparative figures for 1924 are: Wool manufactures, \$1,348,328; silk manufactures, \$1,062,000; jute manufactures, \$587,000; rayon manufactures, \$770,000. (*Commerce Reports*, July 5.)

Free Entry of Materials for Irrigation Works.—According to a decree recently published in the *Diario Oficial* all kinds of machinery and implements to be used in Mexico for irrigation works are to be admitted free of duty. Under this heading are included the following: Instruments and apparatus for surveying; excavation machinery; vehicles and harness; camp equipment; locomotives, rolling stock, rails, plates, etc., and all material for railway construction; automobiles, tractors and accessories; cranes and other machinery for weight-lifting; fuel and lubricants; drilling machinery; elevators and carrying machinery; concrete mixers and cement piping; various kinds of machinery for preparing concrete; explosive caps and detonators; various kinds of machinery for conducting and controlling water; machinery for tunnelling, etc. Special permits from the Secretary of the Treasury are no longer necessary for the importation of the above mentioned articles; the authorisation of the National Irrigation Commission or agents will suffice. This authorisation must, however, be submitted to the Customs authorities, in order that they may ascertain that the imports in question are *bona-fide*.

Oil Consumption and Improved Prices.—The consumption of crude petroleum and its products in Mexico

during 1925 approximated 13,360,000 barrels. In addition, about 1,809,000 barrels of different petroleum products were imported. The total Mexican consumption of refined gasoline in Mexico in 1925 is estimated at 141,780,000 litres (37,456,348 gallons), or a monthly average of 11,815,000 litres (3,121,362 gallons).

The price of oil rose considerably during 1925. At the beginning of the year, Mexican crude was quoted in Tampico f.o.b. at \$1.25 a barrel and light crude in Tuxpam at \$1.35. In December these prices were \$1.45 and \$1.75 respectively. (*Commerce Reports*, May 3.)

COSTA RICA

General Report.—The Department of Overseas Trade has issued a report on the Trade and Commerce of Costa Rica, by Mr. F. N. Cox, His Majesty's Consul, San Jose. Reviewing the financial situation, Mr. Cox states that the revenue and expenditure for the year ended December 31, 1924, were as follows:—

Revenue	23,259,050 colones	=	£1,297,938
Expenditure	20,433,661 ,,	=	£1,140,271
Surplus	2,825,389 ,,	=	£157,667

The continuance of a surplus is a reflection of the general prosperity of the country. The useful work in the control of Government expenditure by the Control Office, and the institution of public tenders for Government supplies of over a certain amount, also materially assisted in economy. The service of the Foreign and Internal Debt was carried out punctually, and on December 31 the National Debt was as follows:—

Gold refunding bonds of 1911 ...	£1,442,240
French loan of 1911	Frs. 31,845,500
Internal bonds (various)	£915,597
Floating debt	£1,063,392

Very little variation occurred during the year in rates for loans and discounts of the best class, which remained at 12 per cent. per annum. The money in circulation in the country on December 31, 1924, was: Banknotes and silver certificates, 20,564,257 colones; silver and copper, 1,495,409 colones; total, 22,049,666 colones. In addition, small amounts of notes of the three banks authorised to issue notes remain out, though not in circulation, the total value of these being under 100,000 colones. The Exchange Control Department continued to work successfully, and the general rate on New York gradually fell from 447 per cent. to 400 per cent., at which point it has remained with about one-half point fluctuation either way. Owing to the large coffee crop and the excellent prices realised abroad, shippers drew more freely than during the previous few years, and this also contributed to the stabilisation of rates at 400 per cent. (\$1.00 U.S. gold = 4.00 colones currency). Rates for other currencies fluctuate in accordance with New York rates for such currencies. The range of fluctuations for sight sterling drafts during 1924 was: Maximum, 376 per cent., £1 = C.18.80; minimum, 346½ per cent., £1 = C.17.22½; average, 358.42 per cent., £1 = C.17.92. A noteworthy feature was the practical suppression of the speculative "street" exchange market, which the violent fluctuations in the past eight years had brought into existence. Local credit continued good and only a few failures of minor importance occurred. Foreign credits were freely granted to both importers and exporters; to the former it would appear that credit is frequently granted far too freely by foreign houses without sufficient inquiry into the standing of the importers.

The state of trade in 1924 was active owing to the very high prices for coffee, the total value of the external trade, £6,376,840, being the highest yet recorded. The total value of imports amounted to £2,679,244, and that of exports to £3,697,596. In the preceding year imports were valued at £2,013,353 and exports at £2,640,321. The United States furnished more than one-half of the total value of imports, Great Britain being second with 16.54 per cent. of the total. The goods chiefly in demand from Great Britain are Manchester goods, sewing cotton, woollen suitings and flannels of thinner qualities,

jute coffee bags, galvanised iron roofings, coffee and cacao machinery, foodstuffs and paint. In general, prices from the United Kingdom appear to be too high, especially when the inelastic terms of payment are taken into consideration. The two chief exports are coffee and bananas, which form nearly 90 per cent. of the total value of exports. The usual methods of business followed by foreign houses trading with Costa Rica are (1) the establishment of a revolving credit up to a certain limit, or (2) by drafts at 30 or 60 days sight on the importer drawn through a local bank. The disinclination of British firms, as a general rule, to follow this procedure is noticeable, especially in the case of firms newly coming into the Costa Rican trade.

Costa Rica is not an industrial country, and the small factories that do exist do so by reason of a high Customs tariff. The supply of labour is only sufficient for local needs and cannot be termed efficient. There is no organisation either of labour or of employers. Hours of work in industries are from 8 to 10 per day; in agriculture they naturally vary considerably. The only legislation in 1924 affecting foreign interests trading in Costa Rica was the Government Insurance Monopoly and the Foreign Companies Law Amendment. The insurance monopoly will not go into effect till the National Insurance Bank is ready to function. The Foreign Companies Law Amendment requires all foreign companies trading in Costa Rica through branches and agencies to register in the country. As it now stands the law is not completely satisfactory.

In respect to transport, it is noted that the Northern Railway of Costa Rica has completed a 10-mile extension of single track line in the Turrialba district. The Pacific Railway, a State-owned line, showed a working profit of about £11,000 on the year's working, but no interest on capital is included in the accounts. Wireless installation is making progress.

The cost of living is considerable, especially in regard to house rents. The housing question is acute, and modern small houses are practically non-existent. The general health of the country is good.

GUATEMALA

General Report.—The economic situation in Guatemala is surveyed by Mr. H. Apfel, Acting British Consul-General at Guatemala, in his report published by the Department of Overseas Trade. The Report states that the period under survey, which covers 1924 and part of 1925, may be considered as one of transition. The effects of the post-war adjustment have almost passed and foundations laid for improved conditions. The Government has succeeded in stabilising the inconvertible paper currency at the rate of 60 pesos to the quetzal, a new unit created, which is equivalent in value to the United States dollar. Funds are being accumulated for the conversion of the currency, and the establishment of a central bank of issue by private capital is under discussion. A sustained effort to bring to a successful issue the financial and economic plan that has been prepared, coupled with energetic action in balancing the Budget and in providing for the resumption of the service on that part of the public indebtedness which is still in default, should place Guatemala on a solid basis and tend to create an era of prosperity by the development of the untouched natural resources of the country.

According to the reports issued by the Ministry of Finance for the years 1923 and 1924, the deficit on the annual operations has been steadily reduced, and it is expected that the revenue and expenditure during the year 1925 will balance. The following table shows the improvement in the budgetary account (in pesos):—

	Revenue.	Expenditure.	Deficit.
1922 ...	306,810,074	348,489,894	41,679,820
1923 ...	385,874,260	396,121,964	10,247,704
1924 ...	466,190,332	471,969,841	5,779,509

The revenue collected during the first six months of 1925 amounted to \$5,115,311, an increase of \$977,557 over the receipts during the corresponding period of the

previous year. The Estimates for the fiscal year ending June 30, 1926, are: revenue, 450,810,000 pesos; expenditure, 450,529,619 pesos; surplus, 280,381 pesos. On December 31, 1924, the public indebtedness stood as follows: In sterling, £1,875,603; in United States currency, \$6,347,752; in pesos, 233,795,457 pesos, plus the floating debt at 50,585 pesos. The service on the arrears of interest is still in default.

Mr. Apfel deals at some length with the questions of the Public Debt, loans, currency and monetary reform and banking, and mentions that there has been no improvement in the conditions of the money market, the average rate for loans varying between 12 per cent. and 15 per cent.

According to official publications, the value placed on Guatemalan sea-borne trade during 1923 and 1924 showed an appreciable increase over that of the preceding years. The value of exports f.o.b. Guatemalan port in 1924 is given at 24,457,000 United States dollars, and that of imports c.i.f. Guatemalan port at \$18,186,000, the favourable balance thus being \$6,271,000, as compared with a favourable balance of \$1,174,000 in 1923, \$1,099,000 in 1922, and an adverse balance of \$1,232,000 in 1921. Prosperity in Guatemala is dependent almost entirely upon the prices of coffee and maize, although the sugar industry is growing in importance. An improvement in the demand for imported goods is expected. The prospects for the development of the Guatemalan market are not altogether unfavourable. Among the countries importing goods into Guatemala in 1924, Great Britain held the second position with 13.3 per cent. of the total value, with the United States first with 63.2 per cent., and Germany third with 10.1 per cent. of the total value of imports. Cotton textiles accounted for 61 per cent. of the total imports from the United Kingdom, but American shippers obtained a larger share of the cotton textile trade in 1924 than in former years. The Report proceeds to explain the situation in respect to the various categories of imports and exports, and also deals with the questions of commercial treaties, Customs tariffs, consular fees, trade-marks, roads, railways, telephones and civil aviation. The writer then mentions that agriculture is at a standstill owing to the scarcity of capital. The establishment of the mortgage bond department of the Central Bank of Issue is expected to remedy this evil. Several contracts for the exploration and exploitation of hydrocarbons have been granted, but so far no actual fieldwork has been undertaken.

Trade and Prosperity in 1925.—The year 1925 was one of general prosperity for Guatemala, resulting largely from an abundant yield of coffee which was disposed of at high prices. The national currency was stabilised throughout the entire year with the rate of exchange at 60 pesos for one dollar.

This national prosperity was manifested in country-wide improvements, particularly in highways, public buildings, and parks. The general condition was reflected in the railway and dock improvements, in the importation of luxuries, such as automobiles and fine-woven fabrics, and in better highway transportation, such as motor buses, and, in the city of Guatemala, in the change from horse-drawn to motor-driven street cars. Guatemala exported products to the value of \$29,654,000 in 1925, and imported products to the value of \$18,557,000. The total foreign commerce, according to the national import and export statistics, amounted to \$48,221,000, compared with \$39,006,000 for 1924 and \$25,556,000 for 1923. The most notable advance in the value of exports was in coffee, which increased from \$19,368,000 in 1924 to \$24,033,000 in 1925. Other increases were chicle, from \$289,000 to \$589,000, and lumber, from \$467,000 to \$645,000. The decreases in export values consisted of sugar, from \$870,000 to \$577,000, hides, from \$164,000 to \$120,000, and bananas, from \$2,773,000 to \$2,674,000. (*Commerce Reports*, May 10.)

Settlement of Debt to Great Britain.—The agreement for the settlement of the Honduran debt to Great Britain has been ratified by the Honduran Congress, after some changes had been made, reports the *South American Journal*. The arrangement between a representative of the Government and the Corporation of Foreign Bondholders was first formally approved by the bondholders in May 1923. This provided for the payment of £1,200,000 in 30 annual instalments by the Government. The funds for the repayment of the debt will probably be obtained by the imposition of a consular service tax of 3 per cent. on imports, to be collected by the National City Bank of New York. This operation will begin as from July 1926.

THE ECONOMIST'S BOOKSHELF

A NOTABLE WORK OF REFERENCE.

Fourth Year Book of the International Federation of Trade Unions 1926. (Amsterdam—London: Labour Joint Publications Department. Price, 10s.)

This yearly publication of the International Federation of Trade Unions has already won recognition among works of reference. It may safely be said to take first place among publications dealing with the organisation of the workers. It is indispensable for addresses and as a work of reference generally, not only to those who are themselves active in the international labour movement, to trade unionists and politicians, but also to students and to all who are interested in social and political questions.

The Year Book contains the names and addresses and membership figures of all the organisations affiliated with the International Federation of Trade Unions and the International Trade Secretariats, and a list of their publications. It surveys the whole world trade union movement, and gives a particularly valuable list of all existing labour educational organisations.

Information is provided on the Sections of the Labour and Socialist International, the International of Youth, and other international bodies.

The National Trade Union Centres affiliated with the International Federation of Trade Unions contribute detailed reports on their activities, as do also the International Trade Secretariats, together with their most important rules, etc.

We can unhesitatingly recommend this unique publication to all who need authentic information on the international labour movement, and the aims, strength, methods, and financial resources of the various organisations of which it is composed.

PUBLICATIONS RECEIVED.

Das Deutsche Volkseinkommen. By Dr. Erick Rogowski—Volkswirtschaftliche Studien, No. 13. (Berlin: Emil Ebering. Price, Mk.6.60.)

Die Ertragsgestaltung in der Industrie. By Dr. C. Silbe.—Wirtschaftsstudien, No. 5. (Karlsruhe: G. Braun. Price, Mk.4.)

Jahrbücker für Nationalökonomie und Statistik, July 1926 Edited by Dr. Ludwig Elster. Supplemented with *Volkswirtschaftliche Chronik,* May 1926. (Jena: Gustav Fischer.)

FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	3½	Dublin	6	Prague	6
Athens	10	Geneva	3½	Reval	9
Belfast	6	Helsingfors	7½	Riga	8
Belgrade	6	Kovno	7	Rome	7
Berlin	6	Lisbon	9	Sofia	7
Brussels	7	Madrid	5	Stockholm	4½
Bucharest	6	Moscow	8	Tokyo	7.3
Budapest	7	New York	3½	Vienna	7½
Copenhagen	5	Oslo	5½	Warsaw	10
Danzig	7	Paris	7½		

The official discount rates of the State Bank in Moscow for bills at two months is 8 per cent, for bills at four months 9 per cent. and for bills at six months 9½ per cent.

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 16	153.9	
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	158.7	159.0	„ 23	154.5	
Sept. 15	161.2	154.3	Mar. 14	182.1	165.4	June 19	160.6	157.6	„ 30	155.7	
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 23 ...	80.0	171.6	60.4†	123.7	86.7	100.0	97.1	132.0	100.0	78.8	103.03	July 23
„ 30 ...	77.8	174.2	60.4†	127.2	88.0	100.0	97.1	135.2	98.5	79.4	103.78	„ 30

† 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	137.8	117.5
Aug. 20	80.3	90.4		105.4	93.3	June 6	158.2	105.3	128.0	115.3
Oct. 29	91.1	92.0		91.1	94.4	„ 27	160.0	104.7	123.7	113.0
1922, Jan. 1	100.0	100.0		100.0	100.0	July 18	165.9	103.2	120.4	115.5
May 13	114.6	102.4		114.9	117.9	Aug. 1	165.8	101.5	122.2	115.7
Sept. 16	123.8	107.6		115.2	112.5	„ 22	176.2	102.5	126.3	117.3
Oct. 7	123.9	106.1		113.3	111.7	Dec. 19	188.9	103.3	130.6	112.8
1923, Jan. 1	121.7	102.5		119.5	113.3	1926, Jan. 2	195.5	103.6	133.3	113.0
Mar. 17	129.2	98.5		129.3	117.0	„ 9	196.1	103.6	135.1	113.1
„ 24	127.3	97.8		129.0	118.1	Feb. 13	199.9	104.9	132.0	114.8
Apr. 28	124.1	99.3		137.9	122.8	Apr. 17	168.7	106.9	121.8	113.3
June 9	119.7	100.8		130.6	123.5	May 1	176.8	107.6	122.6	114.7
Oct. 27	105.7	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	112.2	July 24	190.6	106.4	123.1	113.5
June 21	115.3	103.3		118.2	118.0	„ 31	197.8	106.2	122.9	113.4
Nov. 8	130.1	103.7		133.7	120.4					

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

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