

THE
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 AND
 A JOURNAL OF POLITICAL ECONOMY
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COMMENTS

THE financial crisis of France continues very acute, and a solution seems to be as far off as ever. When M. Poincaré again took office he was met with a general outburst of enthusiasm in France. "Confidence" was rapidly "restored," and the whole world witnessed a most spectacular rise in the exchange rate of the franc. This wave of enthusiasm has now exhausted itself, and a consideration of facts and figures—not hopes and illusions—does not warrant the optimistic conclusions to which so many in and out of France were inclined to jump. The fundamental fact that the Treasury is empty has not in any way been altered by happenings of the last week or fortnight; and the demands on the Treasury continue to be colossal. So far M. Poincaré's measures have not differed widely from those of his predecessors: he has imposed heavy new taxation, as they all did. As to the newly created Sinking Fund, its proposed activities look rather vague, and it seems very likely that the supplying of it with money will make a hole in the Budget. It is generally admitted now that M. Poincaré's "brilliant success" so far has been entirely of a political nature. Lately, however, difficulties appear to have arisen between the Government and the "Inter-groupe" on whose support they are relying, and also within the Cabinet itself. These difficulties are caused by the debt settlement problem. In connection with this it is interesting to note the opinion of so high an authority as Professor Gaston Jéze, who was a prominent member of the Committee of Experts. The following is an extract from his recent article in the *Journal des Finances*: "The experts saw but one means of counteracting the peril of the floating debt until the day arrives when great voluntary consolidation transactions by means of internal loans have become possible: it is to resort to foreign loans and credits. The Minister of Finance by now probably shares this opinion of the Experts. But he meets within his very Cabinet with a strong opposition. The papers have announced it, and it is a positive fact. A few Ministers, who are absolutely ignorant of financial matters, and who are anxious to flatter popular nationalism, demand that no foreign credits and loans should be asked for. Nor do they want to hear of the *conditio sine qua non* of such foreign loans, viz. the settlement of the interallied debts. Having studied the question very thoroughly the Experts, on the contrary, arrived at the opposite conclusion that there will be no financial improvement without help from abroad, and this help will not be granted without a debt settlement." Similar views are expressed by M. Ed. Julia in the *Revue Politique et Parlementaire*. In the opinion of this writer the postponement of the ratification of the Washington and London agreements precludes France from obtaining the credits she wants, and he blames the Government for not having taken a stronger line in the matter. "What is the use of statesmen," he asks, "if they are incapable of making their views accepted and always yield to the man in the street?" Thus we see that the debt problem is greatly handicapping M. Poincaré's chances of success. M. Clemenceau's untimely and hardly tactful letter has not made matters any easier. Meanwhile the franc exchange is again

slowly slipping away, and we are afraid that there are no signs of stabilisation. Decidedly the French nation and its chosen representatives have yet a lesson to learn before it will be possible to say that France is on the road towards financial recovery.

THE Belgian Government is steadily putting its financial house in order. The process is developing all the well thought out lines of a logical sequence of five distinct operations culminating in complete financial rehabilitation. The first two stages, restriction of consumption and consolidation, have already been accomplished. The latter operation was effected by unloading the whole burden of Floating Debt maturing in the course of the ensuing two years from the shoulders of the Treasury on to those of the newly created National Railway Company, formed to take over the administration of the State railroads. This company is issuing ten milliards of preferential debentures of a face value of Fr.500 at a guaranteed rate of exchange of Fr.175 to the £. The Government will pay a fixed dividend of 6 per cent. and the company a surplus dividend of 2 to 3 per cent. The debentures will be quoted on the Bourse, and are free of income tax and super-tax. These securities, which are practically "gold-edged," will not be put on the open market for subscription, the Government preferring, in order to avoid all risk, to convert some seven milliards of short term Treasury Bills into Railway shares. The remaining three stages of the Government scheme embrace amortisation, stabilisation and complete financial restoration. The prospects of the Government scheme are good, as M. Janson, the Premier, and M. Francqui, the Minister of Finance, have the country at their back.

THE problem of the distribution of the most important categories of the former Austrian and Hungarian public debts has now been settled by the Reparation Commission, which has just concluded its labours. It has been decided to adopt the settlement established by the Innsbruck Protocol, completed by the Prague Agreement and the supplementary Protocol of Paris. According to this arrangement, the Joint Office of Bondholders of the Pre-war Austrian and Hungarian Public Debts (Caisse Commune) is empowered to collect payments from the States declared to be debtors and to distribute among the bondholders the amounts thus collected. The Caisse Commune is taking a census of the bonds and will see to the issue of new coupon sheets with a view to the resumption of the service. All the Governments concerned have been notified as to the procedure to be followed by such of their nationals as wish to benefit by the settlement, and a time limit of twelve months has been fixed for presentation of the bonds. This limit will be as from the date to be specified for each category of debt in the notices of the new issue of coupons. Bonds stamped outside the territory of the Succession and Cessionary States of the former Austro-Hungarian Empire will be admitted without further formalities to the operations of the Caisse Commune, the head office of which is at 22, Boulevard de Courcelles, Paris. The debts in question are as follow: Austrian

Four per Cent. Gold Annuity; Hungarian Four per Cent. Gold Annuity; Austrian Four-and-a-Half per Cent. Treasury Certificates (1914 issue); Hungarian Four-and-a-half per Cent. Annuity (1913 and 1914 issues); Hungarian Four per Cent. Annuities in four currencies (1910 issue); Austrian Three per Cent. Railway Bonds in francs (old system and supplementary system); and Austrian Four per Cent. Railway Bonds in francs (1910 issue).

THE Agence Havas has received a message from its Riga correspondent to the effect that many wild rumours are spreading in the Russian provinces with regard to recent events in Moscow. There would appear to be a certain amount of excitement in the Red Army, which is not unlikely, as one of the Communist leaders now in disgrace, Lashevitch, enjoyed a great influence there. Apparently many meetings of protest against Lashevitch's dismissal have been held at which threatening resolutions were passed, and it is reported that in several cases Communist Red soldiers even translated their words into action. Government circles in Moscow are reported to be seriously alarmed by these happenings in the Red Army and also by the rôle played by Trotzky, who is undoubtedly the moving spirit of the opposition. In view of his popularity in the army, however, it seems very doubtful whether the Politburo will dare to take any steps against him. It is interesting, too, that Trotzky is showing great restraint in his public utterances, and in a recent speech before the Central Committee he emphasised the fact that the Bolsheviks had over-estimated the revolutionary zeal of the western masses. Meanwhile another leading Bolshevik has been removed from office. Mikojan has been appointed Commissar of Trade in the place of Kameneff. Stalin also seems to have lost his popularity, and is being attacked not merely by the opposition; he is accused of being too uncompromising and not sufficiently adaptable. There is a suggestion that the leaders of the party will make an endeavour to patch up their quarrel with the opposition in order to evade the threatening consequences of the present state of affairs. Whether the opposition, which enjoys considerable support among the rank and file of the party, will agree to a compromise seems very doubtful. It is difficult to say how much truth there is in all these rumours. But the fact remains that things are beginning to move a little more rapidly in Russia, and there is every indication that the country is undergoing great changes.

THE raising of the New York bank rate by $\frac{1}{2}$ per cent. to 4 per cent. came by no means as a surprise to the City. Considerable short term balances have lately been transferred from London to New York, and the dollar rate has also been showing particular strength. While this tendency may not be terminated yet, it shows that the action of the Federal Reserve Bank in New York had been anticipated and largely taken into account in business circles here. The suggestion of a lower bank rate in this country seems to be definitely dropped; on the contrary, a rise in the latter in the not too distant future does not seem at all unlikely.

THE possibilities of a world famine were recently considered by Sir Daniel Hall in his presidential address to the Agricultural Section of the British Association. Under existing agricultural conditions, according to Sir Daniel, it takes nearly two and a half acres of cultivated land to feed one white person. For white races expansion depends upon an increase in the area of cultivated land. The growth in the white population of the world during the last century was made possible chiefly because large tracts of unoccupied land became available for settlement through the advent of the railroad, the steamship and the introduction of other modern inventions. The present annual increment in the white population might be estimated at

about five millions, which alone would necessitate bringing into cultivation twelve million acres of new land every year. But as naturally productive land seemed to be getting short, Sir Daniel conceived it might be necessary for all of us to become vegetarians and total abstainers. Meat and all animal products were produced with an expenditure of energy which might be as low as seven but also as high as twenty times the energy afforded by them. A vegetarian diet was more economical of the resources of the land. The conversion of potential food into alcoholic drink was an economic waste, and stern necessity might dictate its elimination. Although the world needed an increasing acreage of cultivated land, there had been an actual shrinkage since the war. Moreover, it was difficult to see where new land of the necessary quality was to be found in quantities commensurate with the immediate demand. It was very necessary that recourse should be had to more intensive production from the land already under cultivation. Sir Daniel Hall's main conclusion was endorsed by subsequent speakers, though several of them took a more optimistic view of things. Professor D. H. Macgregor showed that the President's figure of two and a half acres per unit of population concealed differences in the nature of the land in different large areas, and therefore some remarkable differences in the standard of living in different parts of the world. Past economic prophecies had gone wrong. He maintained that there was a great reserve of hope for the world's food supply in the intensification of wheat yields when agriculture had become more industrialised. Lord Bledisloe also expressed his unbelief in the pessimistic prophecies, quoting the United States as an example of what could be accomplished in the way of production. Over a period in which the population of the United States had trebled wheat exports had quadrupled to 240 mill. bushels, and the latest increase was at the highest measured by quinquennial periods. Concentrated food for animals was being obtained in increasing quantities from tropical and sub-tropical countries. There were still vast possibilities in Canada, where 240,000,000 acres were awaiting development. Lord Bledisloe also thought that Sir Daniel Hall underestimated the prospects of research work in finding new wheat lands and new wheat breeds. Fifteen to twenty per cent. of the food crops of the world were lost through insect and fungoid attacks. There was here much room for agricultural research to develop. He considered that the wheat yield of the world might be raised 50 per cent. above its present level by the application of fertilisers.

THE Report of the Indian Currency Commission has, on the whole, been well received in Bombay. The exchange bankers welcome the Government's intention to stabilise the rupee, a step which is regarded as calculated to discourage speculation and assist legitimate trade. The Indian Merchants' Chamber are opposed to the fixing of the rupee at 1s. 6d., maintaining that this will tend to give an unfair advantage to foreign competitors; but exchange bankers assert that the 1s. 6d. ratio is inevitable in view of the bounties and protection given in recent years to some of the more important Indian industries. The feature of the Report which seems to have aroused most opposition is the proposal to create a central bank. In some circles it is felt that the inauguration of a central bank should not be allowed to affect the status of the Imperial Bank, and that the former should have no direct dealings with the market. The general feeling in mercantile circles is that the Legislative Assembly will reject the proposal and that the Government will eventually see the wisdom of dropping it from their proposed list of reforms.

IN the first of our Comments last week we were made to say that the French 7 per cent. 1949 Bonds in New York were at 99: this should have read 91, or 14 points below the quotation for the German 7 per cent. 1949 Bonds, which stood approximately at 105 in the same market.

SPECIAL ARTICLES

(Whilst the Editor of "The Economic Review" welcomes in these columns the expression of all shades of opinion on matters of economic controversy, he is not necessarily identified with any particular opinion expressed.)

SOVIET FINANCE.

FIFTH ANNIVERSARY OF THE ESTABLISHMENT OF THE SOVIET SYSTEM OF TAXATION.

(From our Russian Correspondent.)

On July 26, 1921, the Soviet Government published a law with regard to the taxation of industry and trade, and thus inaugurated a recast of the system of taxation abolished during the period of Communism pure and simple. Five years have therefore elapsed since this event, and the Soviet Government has commemorated in a series of articles published in its official Press the fifth anniversary of the introduction, or rather of the re-introduction, of taxes in the Budget of the Union of Socialist Soviet Republics.

The question of taxation has played an extremely important part in the short history of Soviet Russia. The whole of the new policy, the Nep, is based on a change in the method of taxing the peasantry: the requisition system (*prodrazverstka*), which left to the peasant only what was strictly necessary for his personal consumption, being replaced by the tax on agriculture (*prodnalog*), which was first levied in kind and later in cash. This vital change led to freedom of trade and involved all the other modifications which the economic policy of the Soviet Government has undergone.

The levying of taxes is opposed to the principles of unadulterated Communism: nationalisation and municipalisation, and the abolition of transferable securities inevitably result in the elimination of taxable matter. The revenue of the State has to be obtained from the earnings of nationalised industry, trade and transport and by requisitioning any residue in the hands of the farmers after their personal requirements have been met. In accordance with this theory the Government gradually abolished the taxes, destroyed the fiscal machinery now become useless, and eventually stopped altogether towards the end of 1919 the levying of taxes in cash.

The consequences of applying these theories proved disastrous to the country: industry, trade and transport showed heavy deficits, and about the middle of 1921 the Soviet Government found itself confronted with the danger of imminent financial bankruptcy. It was in these circumstances that, in accordance with the new economic policy, it resolved to alter its financial policy and to reintroduce the system of taxation. This operation was carried out under great difficulties arising out of the complete economic, budgetary and monetary disorganisation that prevailed, and judged from this point of view the results achieved are substantial. All the same, we see no sense or reason in the Soviet Government indulging in a triumphant celebration of this anniversary as a marvellous exploit of the Soviet régime. And this for two reasons. In the first place, the Soviet Government has, after all, only partially and very imperfectly reintroduced, with certain modifications, that which it itself destroyed in 1918-20, and secondly, to the mind of the Bolsheviks the new economic policy in no wise implies a return to the bourgeois system, but merely some small concessions to that system. In the circumstances taxation should not figure predominantly in the Budget, but in accordance with class warfare indirect taxation should play a subordinate part, while direct taxation should prove, in so far as taxation is concerned, the principal source of revenue.

But it is the very opposite that has happened. In the Soviet Budget taxes about fill the bill, and among these indirect taxes are the chief source of the State revenue. This impression gathered from a close scrutiny of the Soviet Budget is moreover intensified if, beside the taxes

included in the Budget, one takes into account the concealed, disguised taxes, which, as we shall see directly, are a very important factor of the Soviet economic and financial system. The following table shows the growth of State revenue from taxation, and how it stands in comparison with the total Budget revenue during the four years 1922-23 to 1925-26 (in millions of roubles):—

	Revenue from taxation.	Percentage of total revenue.	Revenue from sources other than taxation.	Percentage of total revenue.
1922-23...	474.6	51.3	451.2	48.7
1923-24...	788.5	45.7	935.2	54.3
1924-25...	1,334.3	50.6	1,302.2	49.4
1925-26...	1,880.9	49.0	1,960.3	51.0

The above table, however, affords only an imperfect idea of the importance attaching to the revenue derived from taxation in the whole scheme of the Budget. As a matter of fact, the Soviet Budgets show a very considerable revenue, of about a milliard and a half of roubles, derived from railways, posts and telegraphs, which are merely book entries (*recettes d'ordre*) cancelled out by expenditures to the like amount. This particular revenue, therefore, must be deducted from the Budget total if we are to get the net figure. This is what Professor Bogolepoff has to say on this point in the *Economicheskaya Jisn* of July 25, 1926: "The better to show the importance attaching to taxation in the Budget it is necessary to take into account the fact that the revenue from transport, posts, telegraphs and telephones form a very considerable item of the receipts provided from sources other than taxation. These receipts serve almost entirely to cover corresponding expenditures, and as far as the Budget is concerned are merely *recettes d'ordre*. If these are deducted from the Budget the importance of the part played by taxation is shown in a far more striking light. Without involving ourselves in a mass of figures, it will be sufficient to say that during the five years the Nep has been in operation the revenue from taxation has amounted on an average to 80 per cent. of the whole State revenue." Soviet writers themselves admit that the position is abnormal, and that in a Communist State which controls all the means of production the proportion of the revenue provided from sources other than taxation should be very considerably larger. Professor Nikitzky, for instance, writes in the *Economic Review* of Moscow: "It is impossible not to be surprised at the paucity of the revenue derived from sources other than taxation in a country which has nationalised all the means of communication, the posts and telegraphs, the estates of the old landocracy, the banks, four-fifths of national industry and trade, etc."

Let us now see how the taxes are divided into direct and indirect taxes. The figures are given by Professor Bogolepoff. In the Budget for the financial year 1925-26 the anticipated revenue from direct taxation is estimated at 583 million roubles, from indirect taxation at 1,127 million roubles, and from duties and rates at 170 million roubles. For the five years of the Nep direct taxation has increased to the extent of 107 per cent., indirect taxation by 562 per cent., and duties and rates by 640 per cent. But a particularly important fact that should not be lost sight of is that, over and above the indirect taxes included in the Soviet Budgets are other very heavy imposts which do not appear in them. By this we mean the taxation of the people arising out of the State monopolies, and above all from the monopoly of industry. By virtue of this monopoly the Government compels the people to buy the products of nationalised industry at very high monopoly

prices. At the present cost of production Soviet industry could not have continued to exist if freedom had taken the place of monopoly; the deficits it would then have shown would have been enormous and would have shaken to its foundations the whole Soviet financial structure. In paying the high prices fixed by the Government for its products the people are really paying a special tax for the buttressing of Soviet industry. It is, in fact, a sort of excise duty of the most anti-democratic kind, seeing that it affects all products indiscriminately.

ECONOMIC SURVEY OF GREECE IN 1925.

(Continued.)

AGRICULTURAL PRODUCTION.—2. RAISINS.

It will be seen from the section on the foreign exchange that the chief source of the import of foreign currency is the export of agricultural produce, notably raisins, which until the recently organised trade in this product by Australia and California was practically a Greek monopoly, tobacco, which has become of great importance since the cession of the former Turkish tobacco producing territory as a result of the Balkan wars, wine and olive oil. It is therefore deemed advisable to give the consideration of these products precedence over the industries, which may still be described as in the embryonic stage in Greece.

The most reliable estimates give the output of raisins (which term includes for the purposes of this survey the Corinthian grapes known to us as currants) in 1925 as 282.6 million litres (or 282,600 metric tons) as against 320 million litres (320,000 metric tons) in 1924, an exceptional year only rivalled during the preceding twelve years by that of 1913.

The export of raisins during the season 1924-25 was 179,759,000 litres (179,759 metric tons), as compared with 189,526,000 litres in the preceding season of 1923-24. This export trade was distributed among the principal purchasing countries as follows (in thousands of litres):—

	1923-24.	1924-25.
Great Britain ...	123,631	115,095
United States ...	17,919	14,402
Canada ...	2,002	1,431
France ...	1,783	1,265
Germany ...	13,551	17,219
Holland ...	27,411	24,929
Other countries ...	3,229	5,418
Total ...	189,526	179,759

Of the 179,759,000 litres exported last year 109,455,000 passed through the Customs at Patras, 28,035,000 through the Customs at Ægeus, and 14,348,000 through the Customs at Calamata.

The export during the current season (1925-26) was 121,289,000 litres for the months of August to December 1925 inclusive, as against 128,912,000 for the corresponding period of the preceding year, being distributed as follows (in thousands of litres):—

	1924-25.	1925-26.
Great Britain ...	89,732	81,560
United States ...	5,265	6,636
Canada ...	1,243	1,850
France ...	707	460
Germany ...	11,032	8,530
Holland ...	18,064	16,273
Other countries ...	2,869	5,880
Total ...	128,912	121,189

The gradual decline in the export of raisins is clearly shown by the following table, which also gives the average price per 1,000 litres (presumably in drachmas):—

	Production. (Millions of litres.)	Export. (Millions of litres.)	Average price per 1,000 litres. (Drachmas.)
1893 ...	351	317	75
1896 ...	330	299	150
1899 ...	304	261	150
1902 ...	337	275	130

	Production. (Millions of litres.)	Export. (Millions of litres.)	Average price per 1,000 litres. (Drachmas.)
1905 ...	342	241	140
1908 ...	398	229	140
1911 ...	334	240	185
1914 ...	300	248	179
1917 ...	240	52	350
1920 ...	275	178	800
1923-24 ...	220	189.5	3,500
1924-25 ...	332	179.5	2,800
1925-26 ...	282	—	2,400

Taking the average price for the current year at Dr.2,400 per 1,000 litres for ordinary kinds, and at Dr. 3,440 for the best Vostizza, we may estimate the value of last year's harvest as Dr.711,520,000.

Prices in England, the principal market, for the various qualities of raisin as compared with the Australian raisins, varied as follows in shillings per cwt.:—

Purgos ...	29	30	32	33	35	31
Amalias ...	32	34	37	39	36	37
Patras ...	34	36	36	38	38	40
Vostizza ...	42	52	45	50	48	56
Australian ...	32	47	30	40	38	50

The total value of the export of raisins during last year may be estimated, taking the average rates for the various qualities into consideration, at Dr.464,522,824, or, at the rate of Dr.312 to the £, at £1,488,855.

It may be judged from the above tables that the export of raisins is on the decline. In 1924-25 it dropped by 10 million litres in all, having diminished to all countries with the exception of Germany, export to which increased by 4 million litres as compared with 1923-24. This decline was inevitable owing to the development of raisin growing in other countries, notably in Australia and California. Samples of this season's Australian raisins have lately been received by the Raisin Growers' Association of Greece, which in quality and preparation are greatly superior to those of last season. The editor of *Oikonomologos Athenon* thinks that Greek raisin producers would do well to examine these samples, as they are too prone to neglect the appearance of their produce, while they have to learn that a good appearance is indispensable to the acceptance of their fruit on foreign markets and to successful competition with its Australian rival. Despite the extensive output of Californian raisins of 500 million litres and the much smaller output of Australia of some 56 million, the decline of Greek raisin production is due chiefly to the competition of the latter, which is to be regarded as the principal source of danger for the future. But behind the Californian raisins is the vast population of the United States of 112 million, with the result that their export in 1923 was restricted to 69 mill. litres, of which 19 mill. only went to Greece's principal customers, Great Britain, Holland and Germany. The Australian fruit, however, can only count for its home consumption on a population of some five and a half million, and since on the one hand, the country being sixty times the size of Greece, its raisin production has developed by leaps and bounds, and on the other the fruit is entirely similar to the Corinth grape, and is not inferior to the medium good qualities of the latter, the bonds uniting Australia to Great Britain, especially since the war, naturally cause the latter, a country which has hitherto consumed 65 per cent. of the raisins exported from Greece, to give preference to the produce of the former. Further, we must call attention to the care paid by the Australians to the drying and cleaning of the fruit, to the selection of the berries according to size, to the packing, and above all to the fact that the prices are quoted for the English hundredweight, though they are no higher than the prices of Greek raisins. The danger from Australian competition may be judged from the export trade during the past few years. From 82 tons in 1914 the export of Australian raisins to Great Britain has grown to 2,020 tons in 1921, 4,015 tons in 1922, 4,726 tons in 1923, and 11,561 tons in 1924. Thus in ten years the export of Australian raisins to Great Britain has increased 140-fold.

A more accurate appreciation of the danger menacing the national raisin trade may be gained from a comparison of its export with that of the aggregate of the other raisin growing countries, namely California, Australia and South America, where Chile produces currants of good quality. We may observe that whereas with the increase of population raisin consumption in England increased from 81,615 tons to 113,007 tons in the space of 30 years, the export of Greek raisins remained practically stationary, while that of the foreign product showed a manifold increase. It will be seen from the following table, taken from a British source, that the percentage of Greek raisins imported into Great Britain since 1921 has declined from 70 to 50 per cent. of the total currant imports (in tons):—

	Import of Greek raisins.	Import of foreign raisins.
1891	57,075	24,540
1892	50,624	27,450
1893	60,681	25,585
1911	65,744	33,785
1912	61,607	34,077
1913	62,313	36,389
1921	60,077	36,150
1922	57,520	43,705
1923	65,295	50,256
1924	57,550	55,457
1925	55,200	—

With a production of raisins last year of 332,044,000 litres and an export of 179,759,000 the question may well be asked why only 35,781,000 remain in stock; to which the answer is that the home consumption for the manufacture of wine and spirits of wine has increased. During the season of 1924-25 the wine making and distilling industries bought up 145,680,000 litres, of which 54,430,000 litres were used for pure spirit, 49 mill. litres for spirit for lighting purposes, and 42 mill. litres for wine.

Towards the end of the season the protection of the raisin production and trade was entrusted by Decree to an independent Raisin Association administered by a council of 13 members appointed as to 1 each by the Ministries of Finance, National Economy, and Agriculture, 2 by the National Bank of Greece and the General Warehouse Company, 1 by the vine growers, 2 by the raisin dealers, and 5 by the raisin growers. The finances of the association are administered by the National Bank of Greece, subject, as regards the regulation of the retention of currants, to the General Warehouse Company. The financial resources of the association are derived from the dues received by the late Raisin Régie and from the contribution paid on exported raisins fixed at Dr.600 per 1,000 litres, the amount of raisins retained for national needs being fixed at 35 per cent. In order to relieve the crisis, the association recently purchased in the open market 50 million litres at Dr.2,300 per 1,000 litres.

The writer of the article insists on the necessity for an appreciable reduction of costs between harvest and shipment and for the adoption of new methods of planting similar to those employed in America, and finally urges the impossibility of allowing the price of raisins to follow the cost of living in Greece, but rather that it should adapt itself to the cost of living standards of the consuming countries. Further, a vigorous and sustained publicity for this product, without stinting expense, is a vital necessity.

3. SULTANAS AND FIGS.

Sultanas. Sultana cultivation is carried on chiefly in Argolis and the districts of Corinth, Candia and Canea. In 1925 the yield amounted to 28 million kilogrammes (28,000 tons), as against 21 million kg. in 1924. Estimated at an average of Dr.12 per kg., the total value of the crop may be put at some 336 million drachmas. Thus the transplantation of the sultana grape notably into Crete, especially adapted to its cultivation by reason of climate and soil, will seriously affect the industry in Asia Minor. In Great Britain the

prices for Greek sultanas in 1925 varied between 52 and 53 shillings per cwt. for the common kinds and between 70 and 75 for the choice qualities. In December the Cretan sultana easily fetched from 60s. to 85s. per cwt., the other Greek qualities between 66s. and 70s., while the Smyrna quality with difficulty fetched 66s. to 68s.

The export of the fruit, chiefly to Great Britain, Germany, Italy, and Holland, amounted in 1924 to about 16,000 tons as against 10,000 tons in 1923. According to information received from Crete, Argolis and Corinth, the export in 1925 amounted to 20,000 tons, of the value of 240 million drachmas or £800,000 sterling.

Not only had the Greek sultana to face competition from Australia with an output in 1924 of 14,000 tons, and from the lower grades of the Californian fruit with an output of 68,000 tons, but also from the neighbouring product of Asia Minor. According to the report of the General Consulate at Smyrna, the yield in 1925 did not exceed 34,000 tons and was offered in Great Britain at 45s. to 50s. per cwt. on account of its inferior quality. Up to the end of the year only some 42 per cent. of the yield was exported, as against 70 per cent. for the corresponding period of 1924. The expulsion of the Greeks from Asia Minor exercised little influence on quantity, but a very marked influence on quality, to such an extent that the Smyrna sultana is now inferior to the Greek and Australian. On the other hand, the settlement in Crete of Greek refugees from Asia Minor improved the output as regards both quantity and quality.

Another blow to the import of Greek sultanas into England is threatened by the order recently published by the Board of Health to the effect that from and after January 1, 1927, no sultanas may be sold in the United Kingdom containing more than 750 millionths of sulphur dioxide. This order takes effect with regard to all qualities of coloured sultanas entering England, and will thus affect Greek sultanas, which are usually coloured by sulphur in special kilns in order to give them a brighter yellow colour before being put on the British market. It is clear that, if the above order comes into operation as from January 1, it will affect products shipped to England from September next, since no guarantee can be given to exporters that their goods will be consumed before the said date. British purchasers will insist on being furnished with certificates that the goods sold to them do not contain more than the authorised proportion of sulphur dioxide. Chemical analysis in London of two qualities of Cretan sultanas, one bright yellow (much preferred on the British market) showed that it contained 1,060 parts of sulphur dioxide or 310 parts more than the prescribed limit, whereas the analysis of the less bright quality showed that it contained only 630 parts. The opinion prevails in London that this restriction will cause a reduction of the import of the choicest qualities of sultanas into Great Britain unless in the meantime some other colouring process is discovered. It should be borne in mind that bright yellow sultanas, that is to say, those treated with sulphur dioxide, fetch from 8s. to 10s. per cwt. more on the British market than the uncoloured, while the cost of colouring only amounts to some 3s. per cwt., so that the loss of exporters by reason of the new prohibition will amount to 7s. per cwt., equivalent to 3 drachmas per oka.

Figs. The fig crop was 25 per cent. lower than that of 1924, amounting to 8,500 tons as against 10,600 tons. The following table shows the yield from the chief fig growing districts in the two years (in tons):—

District.	1924.	1925.
Messenia	6,436	5,065
Calamata	2,816	2,416
Pylos	1,272	955
Tripolitza	73	58
Olympia	6	6
Total	10,603	8,500

Taking the average price of figs at Dr.5.75 per kg., we arrive at a total value for the fig crop of 1925 of Dr.48,875,000.

The export of figs to the chief customer countries during 1925 and the preceding year was as follows (in tons) :—

	1924.	1925.
Italy	5,163	5,296
United States	2,328	1,136
Germany	737	1,012
Rumania	954	204
Egypt	713	431
Great Britain	885	601
Other countries	2,605	549
Total	13,385	9,230

The value of the export of figs in 1925 was Dr. 64,616,405, or £207,102, as against Dr.69,239,641, or £261,000, in 1924.

The decline of the fig export last year to all countries except Italy is attributable to the competition of Smyrna figs, as well as to the publicity given to them in the United States, where the Greek export of figs in 1925 was half that of the preceding year, due to poor quality and bad packing.

The fig harvest in Asia Minor amounted to some 19,000 tons, of which up to November 15,000 tons were sold at 18 to 45 piastres per oka (the oka = 2.8 lb.) according to quality, whereas in 1925 the prices of the superior

qualities did not exceed 22 piastres. The output of Turkish figs in 1925 was the lowest for six years, that of 1924 being about 30,000 tons. It should be noted that 70 per cent. of Turkish figs are exported in their natural state in bags, while only about 30 per cent. are prepared for the market and packed in cases.

Another cause of the decline of the export of Greek figs is the more stringent sanitary inspection exercised by the United States Customs authorities, which forbade the import of large quantities of Greek figs as worm-eaten, compelling the importers to unload and destroy them (see the order published in September 1925 by the United States Ministry of Agriculture). Further, according to the report of the Chamber of Commerce of New York, even sound figs packed together regardless of size do not fetch good prices. Greek exporters do not seem to appreciate the importance of maintaining a uniform standard quality and of good packing, and they also appear to forget that the United States possesses a fig production of her own in California of some 9,000 tons, of exceptional quality, with very thin skins and very carefully packed, each in its own wrapping of corrugated paper.

(To be continued.)

ECONOMIC SURVEY

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

BULGARIA

POLITICAL AND GENERAL

The Balkan Problem.—Influences have again been at work in an attempt to stir up anew the Balkan cauldron. These periodic ebullitions of national temper might well be disregarded internationally were it not that experience has taught us how easily a little blowing off of steam in that corner of Europe can be transformed into a volcano. Once more the cry is from Macedonia, or at least about Macedonia. The Bulgarian Government is accused of winking the eye at the unpleasant incursions and excursions of Macedonian marauders from Bulgaria along the Yugo-Slav frontier; Greece and Rumania are invited to act with Yugo-Slavia in doing something more than merely voicing a protest; and communications couched in the imperious terms of ultimata are duly despatched. Thus the little pot is kept a-boiling. Fortunately, some of the big Powers have given a very broad hint to the little Powers concerned that a measure of moderation would be most acceptable at the present juncture. This seems to have acted like a cold douche upon the heated spirits of the Balkan war-mongers and things have become somewhat calmer. Meanwhile, we are favoured with assurances from certain Balkan statesmen that the Macedonian problem really does not exist. Though one cannot accept this illusion in its entirety, we admit that it is not quite so amusing as it first appears in the light of current events. What really has happened is that the Macedonian question has been considerably narrowed down; yet restricted as it now is, it still retains something of the nature of a powder magazine. In an entirely different way both Greece and Yugo-Slavia have more or less settled the vexed question for themselves. Greece has adopted the drastic method of sweeping out of her Macedonian provinces practically all who are not of Greek nationality. It is an undoubted fact that in the Greek section of Macedonia there can to-day be found few if any of the hosts of Bulgarians, Turks and other nationals, other than Greek, that formerly inhabited those regions. Yugo-Slavia has, on the other hand, used the suaver means of legal conversion. All quondam Macedonians living within the Yugo-Slav borders are now *ipso facto* good Yugo-Slavs, since they

are inhabitants of Yugo-Slavia. The Macedonian territory in Southern Serbia is no longer recognised as Macedonia by the Yugo-Slav authorities. In Bulgaria the settlement of this question is not proving so easy. The Macedonians are, indeed, agitating for the creation of a self-governing province, or even for an independent Macedonian State, and their aims are countenanced by large numbers of Bulgarians themselves. The Macedonian Revolutionary Committee is undoubtedly powerful in the country and is able to exercise a strong influence in Sofia. This influence is, in fact, so potent that the Bulgarian Government can do little to suppress the activities of the Macedonian movement. Any determined attempt to quash it would in all probability result in the overthrow of the Government. Yet if it is not suppressed there will, it is to be feared, be recurrent trouble with Yugo-Slavia and probably with Greece. The success of the Macedonian movement would draw some thousands of former Macedonians from Southern Serbia and thus lead to the virtual depopulation of that part of Yugo-Slavia, an eventuality that would be opposed by the Yugo-Slav Government by all the means in its power. The Macedonians would also, if successful, lay claim to the Macedonian regions now incorporated in Yugo-Slav and Greek territory.

It is pleasing to note that an international loan has at last been granted to Bulgaria for the settlement of the refugees. Yet this alone is not enough to effect the complete economic reconstruction of the country. Nor will it do much to settle the recurrent Balkan trouble—it has even been suggested that the granting of this loan to Bulgaria was contributive to Yugo-Slavia's recent attitude. The best way to avert future trouble would be to apply some immediate means of international intervention in Bulgaria, under the auspices of the League of Nations. Despite her vast natural resources and economic potentialities, Bulgaria is admittedly the weakest of the Balkan States, with the exception of Albania. Financially assisted and partially controlled by the international authority through the medium of a Commissioner General or a High Commissioner, Bulgaria would soon recover economic stability. Within this rehabilitated and prosperous State there would be far less incentive to activity on the part of the Revolutionary Committee; moreover, the neighbouring States would then show more restraint in their

alarming gestures. But while Bulgaria is allowed to flounder in her present impotence there will always be the possibility of one of these local incidents or inter-Balkan disputes assuming the importance of an international menace, or something even worse.

Consular Report on Conditions in 1925.—The following is a summary of the Report on Bulgaria in 1925 by Mr. Stuart Lupton, United States Consul at Sofia :—

The year 1925 in Bulgaria was characterised by strenuous efforts to keep the lev stabilised in the face of an increasingly unfavourable trade balance. Efforts toward this end included restriction of credits and of dealings in foreign exchange, the reduction of paper currency in circulation, the lessening of Government expenses by cutting down office staffs, and the curtailment of imports. On the whole, these efforts appear to have met with a good degree of success, although the dumping of large quantities of Bulgarian currency in Austria and Switzerland during the last two months of the year had a temporarily adverse effect. Great hopes were entertained for an increased export of cereals and a consequent amelioration of the financial situation, but shipments did not come up to expectations because of low prices offered. A feature of the harvest was the greatly increased production of corn.

In the fiscal year 1924-25 Bulgaria balanced her Budget for the first time since 1916. This was made possible by economies in public expenditures and by better collections of taxes. The proposed Budget for the fiscal year 1925-26, which went into effect about two months before it was voted by the Sobranje, was balanced with an estimated revenue and expenditure of 6,875,000,000 leva. Government receipts from all sources for the first ten months of the fiscal year beginning April 1, 1925, were 5,300,061,000 leva, and expenditures slightly more than 4,600,000,000 leva.

Bank-notes in circulation on January 1, 1925, amounted to 4,530,296,000 leva, but were reduced during the year until on December 31, 1925, they aggregated only 3,655,301,000 leva, or nearly 2,000,000,000 less than the legal limit. The prevailing scarcity of money has been increased by the tendency of the peasants to hoard such money as comes into their possession. Dollar exchange remained practically fixed during the entire year at \$0.0073, but lev quotations experienced slight fluctuations in other countries, principally at the close of the year in Austria and Switzerland.

In order that the funds of the Bulgarian National Bank may be turned into their proper channels, the Government is to make provision in the new Budget for gradual repayment of the State's debt to the Bank, which by the end of 1925 had risen to nearly 5,000,000,000 leva from 1,771,000,000 leva in 1919. It is stated that credit facilities accorded to private enterprise by the National Bank amounted at the end of the year to approximately 1,500,000,000 leva, as compared with 3,500,000,000 leva granted by foreign banks. As the private banks charge heavy commissions in addition to the legal rate, it is expected that the action contemplated by the Government will have beneficial results.

Both imports and exports increased during 1925, imports amounting to 7,291,341,000 leva and exports to 5,642,466,000 leva, as compared with 5,357,311,000 and 4,902,226,000 leva respectively for 1924. The unfavourable balance of 1,648,875,000 leva for 1925 is the largest since the war, exceeding the 1923 adverse record of 1,583,525,000 leva. The swelling of imports, to which this result is attributable, was caused largely by cereal purchases to the extent of 300,000,000 leva, made necessary through the lateness of the 1924 harvest, though there were increases also in imports of textile goods, machinery and implements, and colonial products. In spite of the best crop in years, exports in 1925 were affected by the reduced shipments of grain and beans.

The low prices prevailing on the world markets offered little inducement to the peasants to dispose of their product, and when prices stiffened later in the year the grain shipments were retarded by bad weather. Tobacco showed the largest increase in the export list, exceeding the value of the previous year by more than 400,000,000 leva and incidentally establishing a new export record for this commodity. Increases also occurred in shipments of eggs, live stock, raw hides and silk cocoons.

Germany, Italy, England, Austria and Czechoslovakia, in the order named, were the principal sources for Bulgarian imports. Exports went chiefly to Germany, Italy, Greece, Austria, and Switzerland. Trade with the United States expanded during 1925, imports from this source reaching 229,278,827 leva as compared with 68,789,029 leva in 1924, and exports amounting to 90,660,149 leva as against 88,971,799 leva. Nearly all of this remarkable jump in import values was, however, occasioned by the emergency purchases of cereals and does not represent a characteristic rate of expansion. (*Commerce Reports*, June 21.)

FINANCE

The Budget for 1926-27.—The Bulgarian Budget for the financial year 1926-27, ending March 31, 1927, as definitely approved by Parliament, balances expenditure and revenue at 6,924 millions of leva. The Government has made very little increase in estimated revenue and has successfully withstood the pressure of powerful influences that were working for an increase of present taxation and the introduction of fresh taxes. Apart from an increase of about 900 mill. leva in expenditure, the estimates for the financial year 1926-27 are about the same as those of the preceding year. The figures below enable a comparison to be made between the estimates for the financial years 1925-26 and 1926-27 and the final results for the years 1923-24 and 1924-25 (in millions of leva) :—

	Revenue.	Expenditure.	Surplus.
Results 1923-24 ...	5,356.40	5,146.20	210.20
" 1924-25 ...	6,604.25	5,599.86	1,004.39
Estimates 1925-26...	6,858.00	6,026.55	831.45
" 1926-27...	6,924.00	6,924.00	balanced.

The estimated revenue for the current year is based upon the returns from the following sources (in millions of leva) :—

Direct taxes ...	860
Indirect taxes ...	2,960
Fees and dues, etc. ...	610
Fines and confiscations, etc. ...	65
Receipts from railways and ports ...	1,102
Receipts from Posts, Telegraphs and Telephones ...	275
Receipts from State Lands, capital and undertakings ...	397
Receipts from District Councils for teachers' salaries ...	420
Brought forward ...	60
Miscellaneous ...	175
Total ...	6,924

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Expenditure for the year is divided as follows among the different Ministries and departments (in millions of leva):—

<i>Estimated Expenditure.</i>	
Government Department	46
State debts	1,438
The Supreme and District Audit Offices	21
Ministry of Finance	203
Ministry of the Interior and Public Health—	
(a) Administration and Police	313
(b) Public Health Department	163
Ministry of Foreign and Religious Affairs—	
(a) Ministerial	94
(b) Church	39
Ministry of Public Instruction	664
Ministry of Justice	156
Ministry of War	1,235
Ministry of Commerce, Industry and Labour	141
Ministry of Agriculture and State Domains	216
Ministry of Public Works—	
(a) Administration of Highways Construction, etc.	279
(b) Administration of Compulsory Labour	153
Ministry of Railways, Posts and Telegraphs, etc.—	
(a) Railways and Ports	895
(b) Posts, Telegraphs and Telephones	220
(c) Aviation	33
Settlement of debts outstanding from former years	70
Partial settlement of State debt to National Bank	150
Supplementary payments for improvements of salaries of State employees	350
Payments in accordance with the Peace Treaty through the State debt department	47
Total	6,924

In a contribution to the *Wirtschaftsdienst* of May 21 last, M. JI. Jantuloff, of Sofia, compares the actual revenue results of the financial year 1925-26 with the estimates for that year and also with those for the year 1926-27. The following table shows how the direct taxes collected in the past financial year fell short of the estimated figures, while the results of the indirect taxes approximated to the estimates (in millions of leva):—

	1925-26.		1926-27.
	Estimated.	Collected.	Estimated.
<i>Direct taxes—</i>			
Land tax	350	160	350
Professional tax	—	—	225
Supplementary income tax	—	—	50
Tax on undertakings	40	11	40
Tax on real estate	25	16	25
Tax on property increase during the war... ..	15	8	5
Tax on lambs and goats... ..	60	53	65
Tax for release from compulsory labour	30	38	30
War tax	40	0.402	40
Death duties	30	25	30
Total	590	313.4	860
<i>Indirect taxes—</i>			
Import duties	1,030	1,040	1,030
Export duties	350	264	250
3 per cent. export duty	110	91	80
Other Customs receipts	125	96	100
Excise on spirits and home-grown and foreign grain	175	144	170
Excise on salt and home and foreign goods	300	281	280
Excise on materials for production of spirits	50	39	60
Wine excise	30	41	50
Gambling tax	15	15	15
Tobacco duty	620	632	750
Match duty	110	109	110
Duty on cigarette paper, etc.	55	72	70
Manufacturing patents for production of tobacco, beer, spirits, etc.	—	—	5
Total	2,970	2,826	2,960

The attempt of the State to run the Pernik mines on an autonomous basis has met with satisfactory results. The mines show a net profit of about 100 mill. leva. This result has led to a demand to place the railways on a similar autonomous basis; a special commission of experts has been appointed to study this question. The

present Budget constitutes a very heavy burden for the population; but, at the same time, a policy of strict retrenchment has been followed in regard to expenditure.

Commenting on the Budget estimates, *La Bulgarie* of July 19 welcomes the fact that revenue demands are not materially increased, but points out that it is scarcely possible to make the tributary burden of the country heavier than it already is. In regard to taxation the Bulgarian people are, it states, comparatively in a worse position than any other European country. An attempt to squeeze more out of the taxpayers would only act as a stranglehold on the economic life of Bulgaria. Some savings can, however, be further effected in administration; the question of reforming the fiscal system is also being discussed.

Report of the National Bank.—The Report of the Bulgarian National Bank on its activities in the year 1925 shows that the gross profits of the Bank amounted to 470.7 mill. leva. After deducting the total sum of the customary costs and charges a net profit of 218.1 mill. leva was realised. This net profit is nearly 220 mill. leva more than that of the preceding year and may be regarded as indicating the satisfactory development of the National Bank during the past year, which was one of big economic difficulties for Bulgaria. The successful results for the year enabled the Bank to increase its capital by 89.6 mill. leva. The sum of over 70 mill. leva was paid to the Treasury, while 13.1 mill. leva was placed to extraordinary reserves. Gold stocks were increased to 41.4 mill. leva, as against 37 millions at the end of 1919. The average total of the note circulation during the year was 4,166 mill. leva, as against 4,179 mill. in 1924 and 3,871 mill. leva in 1923. Although the circulation in 1925 was not much lower than in 1924 and greatly in excess of the figure for 1923, there was a tendency to reduce it during the course of the twelve months. At the opening of the year the circulation stood at 4,487 mill. leva, but by the end of the year it had fallen to 3,590 mill. leva.

The National Bank experienced great difficulty with regard to its credit policy, since the demand for credit was out of all proportion to the restricted means at the disposal of the Bank. The portfolio for commercial and industrial bills was gradually increased during the year. It stood at 289 millions on January 22, 1925, while on October 22 it was at 455 millions. The discount rate remained at 10 per cent. throughout the year. The insufficiency of savings deposits and cash was supplemented by short-dated credits of the foreign banks established in Bulgaria. This arrangement proved of great assistance to the export and import trade. There was an improvement in credit conditions later in the year and a growing interest of foreign capital was noted in the form of long term credits. The National Bank was also able to consolidate its position with respect to foreign banks. Although the total amount of savings deposits with the various banks in the country cannot be regarded as entirely satisfactory, there was actually an increase during the year. A notable feature was the growth of co-operative capital and deposits placed with the popular banking institutions. Deposits with the Post Office Savings Bank rose from 167 to 173 mill. leva during the year. The total amount paid in to the current account of the National Bank stood at 973 mill. leva on December 31 last, as compared with 767 millions at the end of the first half of the past year.

The Report also deals with the general financial and economic conditions prevailing in Bulgaria during the year, the remarks being much the same as those reproduced above in the summary of the United States consular report on Bulgaria.

International Refugee Loan.—The League of Nations Finance Committee has decided to grant to Bulgaria a loan of £2,258,800, mainly for the purpose of facilitating the work of settling the Bulgarian refugees, but also for carrying out schemes of irrigation and drainage. It has further been decided to make an

immediate advance of £400,000, without waiting for the full issue, so as to assist autumn sowing and other preliminary work. The original request of the Bulgarian Government was, it is understood, for a loan of £3,000,000 over half of which was to be used for direct assistance to the refugee families. The Finance Committee advises that two-thirds of the amount of the loan should be utilised for the provision of houses, equipment and advances to individuals, and the remaining third to the preparation of the land. The loan is secured on certain specified revenue, such as the match monopoly and the excise on salt and alcohol. In its report the Finance Committee shows that the total number of refugees to be considered in respect of assistance is approximately 222,000, somewhat more than half of whom are capable of work. The Bulgarian Government has already rendered assistance to a certain number of these refugees, but there remain some 60,000 workers requiring settlement on the land, representing about 30,000 families or about 120,000 persons.

With regard to the conditions of the loan, it is shown that in order to effect security on specified revenue it will be necessary to release such revenue from the general charge as stipulated by the Treaty of Neuilly. The Government will also find it necessary to make some arrangement with holders of Bulgarian pre-war issues. The holders in question are demanding an assurance that their own security will not suffer by the acceptance of the present loan. It is further suggested that the statutes of the Bulgarian National Bank should be modified so as to bring them into conformity with the principles of central banking. The control of the expenditure of the advances has been entrusted to M. René Charron, who formerly assisted Mr. Jeremiah Smith, the Commissioner General for Hungary, in the League of Nations financial control of Hungary.

The conditions of the loan have given rise to some controversy, but the general opinion in the country seems to be in favour of acceptance. The *Zname* of July 22, however, doubts the advantage that might accrue from accepting this loan and asks whether it would not be better for Bulgaria to wait till she can obtain much better terms. The country has already passed through very severe trials, and with further patience and sacrifice the present crisis could be overcome without the disadvantage of onerous conditions.

TRADE

Foreign Trade Returns for the First Quarter.—

The foreign commercial exchanges of Bulgaria for the first quarter of the present year resulted in a favourable balance of 18 mill. leva. The movements have proved rather irregular. January closed with a favourable balance of 31 mill. leva, and February with a favourable balance of 102 mill. leva; but in March there was a big increase in imports and a falling off in exports as compared with February, resulting in an adverse balance of 115 millions for the month. The figures of imports and exports for the first three months of the year are as follows (in millions of leva):—

	Imports.	Exports.	Difference.
January	348	379	+ 31
February	479	581	+ 102
March	560	445	— 115
Total	1,387	1,405	+ 18

The official figures of trade during April have not yet been published; but unofficial estimates from various sources place the total value of the imports at approximately 250 mill. leva, and that of the exports at over 400 mill. leva. As these reports appear to be well founded, the month should show a favourable balance of about 150 millions. In any case, the favourable balance for the first four months of the year will be much greater than that for the first quarter.

The improvement in Bulgaria's foreign trade is certainly remarkable. As things are now developing the favourable balance will in all probability be main-

tained for many months to come, if not throughout the whole year. But the results of trade in 1925 was the worst experienced for many years past, an adverse balance of approximately 1,650 mill. leva being registered.

The figures tabulated below show the value of the main imports and exports during the first quarter of 1926 (in millions of leva):—

<i>Imports.</i>	
Textile manufactures	581
Metal and metal wares	170
Machinery, instruments, apparatus, etc.	153
Vegetable oils, wax, etc.	56
Mineral oils, etc.	56
Timber for building	55
Skins, hides and leather, etc.	53
Colonial goods	34
<i>Exports.</i>	
Raw tobacco	667
Maize	132
Wheaten flour	131
Wheat	113
Eggs	106
Buffalo and other horned cattle	60
Oil of roses	29

The tobacco exports totalled about 8.9 mill. kilogrammes, as against 10.5 mill. kg. in the corresponding quarter of last year: egg exports increased from 1.3 mill. kg. to 1.6 mill. kg.

Great Britain was third in the list of countries importing goods into Bulgaria, the total value of consignments from Great Britain being 186 mill. leva. Germany was first with goods to the value of 285 mill. leva, and Italy second with goods valued at 236 mill. leva. After Great Britain came France with 135 mill., Austria with 106 mill., and Czechoslovakia with 92 mill. leva. Imports from other countries in no single case exceeded 80 mill. leva in value. Exports from Bulgaria to Great Britain were negligible. The largest volume of goods consigned to any one country was sent to Greece, whose total was valued at 298 mill. leva. Germany occupied the second place with 293 mill.; Italy came next with 142 mill., followed by Czechoslovakia with 101 mill., Holland with 99 mill., Poland with 84 mill., Hungary with 71 mill., France with 53 mill., Austria with 52 mill., and Belgium with 47 mill. Exports to the remaining countries were in every single instance less than 45 mill. leva in value.

The Present Tariff Policy.—The policy of the Bulgarian Government tends to develop in the direction of protective tariffs. The Government is at pains to restrict imports and to stimulate exports, though doubts are expressed in several authoritative circles concerning the advisability of adopting these restrictive measures.

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May last provided for a reduction in the export duties and an increase in the import duties on most articles. It is believed that an attempt will soon be made to repeal entirely the export duties. With regard to imports, the duties on articles greatly in demand in Bulgaria have not been increased so much as the duties on articles of less demand. An increase of 33½ per cent. is imposed on timber for building, soap and olive oil; 30 to 40 per cent. on window glass; 15 to 25 per cent. on paper, and about 2 per cent. on sheet iron and iron ingots. Heavy increases are imposed on the group of textile imports; 30 per cent. on woollen fabrics, 30 to 100 per cent. on yarns, 100 per cent. on lace and tulle, 300 per cent. on fabrics of pure silk, 130 per cent. on velvet, and 50 to 100 per cent. on handkerchiefs, shawls and tablecloths, etc. There is an increase of 33½ per cent. on waterproofs without rubber, of 100 per cent. on smokers' requisites, of 20 to 50 per cent. on leather, of 50 to 80 per cent. on footwear, of 30 to 100 per cent. on furniture, of 25 to 50 per cent. on porcelain and stoneware, of 100 per cent. on preserves, of over 100 per cent. on fruit essences, oils, etc., of 60 per cent. on perfumery, of 300 per cent. on powders, pomades, etc., of 100 per cent. on organic acids, of 75 per cent. on medicaments and 50 per cent. if in tabloid form and of recognised marks, of 20 to 50 per cent. on musical instruments, and of 25 to 50 per cent. on toys. Although the prohibition on the importation of luxury articles has been raised the regulation has little significance, since the duty imposed is so high that it is actually prohibitive in effect. Further increases have also been imposed on the importation of foodstuffs, notably on fresh and chilled meat, for which the duty is from 50 to 60 leva per metric quintal. The duty on certain kinds of leather is now as high as 3,300 leva per metric quintal; on fine furs, 5,000 leva; on footwear weighing under 600 grammes, 2,300 leva; on rubber footwear, 1,000 leva; on silk fabrics, 15,000 leva; and on silk thread (coloured), 3,500 leva.

GERMANY

POLITICAL AND GENERAL

General Economic Situation.—Signs of an amelioration of the severe economic crisis are accumulating. The coal output is increasing, pig iron and crude steel production is assuming growing proportions, and market conditions are more favourable, as demonstrated by the reduction of the restriction on crude steel production, which was lowered in July from 35 per cent. to 32.5 per cent., to 30 per cent. for August. In considering these favourable phenomena it must be remembered that they are primarily the result of the coal strike in England, which has now lasted three months. The British strike has provided the impetus for the improvement; it remains to be seen whether it can be maintained when the strike comes to an end. In any case it can be reckoned that the effects of the strike will last long after its termination, particularly in the coal industry, which has secured numerous long term foreign contracts. The approaching international understanding has played a considerable part in the increase of export prices for semi-manufactured goods, and the decrease in dumping sales abroad by the French and Belgian iron industry may also be attributed to its influence. This is of special importance in view of the danger to export consequent upon the depreciation of the franc, and justifies the hope that similar dangers to other industries, mainly the textile industry, from the detrimental effect of the currency question may be minimised.

The improvement has not yet been felt to any extent on the labour market. The number of unemployed has certainly decreased from 1,741,172 to 1,718,861 during the first half of July, but the figures still remain alarmingly high. The programme for providing work for the unemployed is now about to be put into operation, and

about Rmk.1 milliard has been set aside for the purpose. If it is estimated that one half of this sum will be spent on materials, Rmk.500 million remains over for wages, which at an average hourly wage of Pf.65 for unskilled labour represents about two-thirds of a million working hours. A few hundred thousand unemployed will thus receive regular work. This will be the direct result of the Government measures, but there will be indirect results as well. The production of the material for the railway, canal and building construction contemplated will also provide employment in the iron, cement and electrical industries, and employment in the transport branch will also feel the effect of the movement. The provision of capital for these undertakings presents another side of the picture. In so far as this is not provided for in the Budget, recourse will be had to the capital market, as it is impossible to supply the whole sum from current revenue. The taking up of a loan would distribute the cost over a number of years, so that coming generations will also have to bear their share in the results of the loss of the war, which is after all not unjust.

The Government is doing its best to soften the effects of the economic crisis, remembering always that the prosperity of the State depends on the prosperity of the individual. The bad economic position at the beginning of the year has led to a heavy falling off in the Reich revenue. The Reich Budget for 1926-27 provided for revenue amounting to Rmk.6,465 mill., which works out at about Rmk.1,616 mill. per quarter, while the actual receipts in the first three months (April, May and June) amounted to only Rmk.1,455 mill., so that revenue in this period remains Rmk.161 mill. behind the estimate. Even though this situation is not at present particularly dangerous, it will soon become so if the tendency is maintained. It is therefore to the direct interest of the State to uphold the prosperity of the individual. The declining purchasing power of the population will no doubt be stimulated by the Government's expenditure for wages and materials, and thus the chief cause of the falling off in business will be removed. Also the general capacity for payment of taxes will be increased.

It remains doubtful whether the German capital market is yet strong enough to carry through the programme of the Reich, although a distinct improvement has taken place in this direction also. In any case Germany's credit abroad is so good, that in case of need it also may be called upon. Any demands upon current revenue should be avoided, as this would nullify the good effects of the reduced taxes. In any case it is better to utilise the money intended for the aid of the unemployed on productive work, such as the production of new means of communication and other construction, rather than to pay those without work an unproductive dole. For this reason the Government programme for the aid of the unemployed has found universal support. (*Hamburger Fremdenblatt*, July 31.)

FINANCE

Bourse Developments at the End of July.—The following table shows the development of rates officially quoted on the Berlin Bourse at the end of July:—

Gold parity.	No. of shares.	End of July.	End of June
		(Percentage of total.)	
Under 50 per cent. ...	191	21.9	25.4
From 50 to 75 per cent. ...	209	23.9	23.2
From 75 to 100 per cent. ...	178	20.4	19.2
From 100 to 150 per cent.	232	26.6	26.2
Over 150 per cent. ...	63	7.2	6.0

The quotation level has thus experienced a further slight increase during July. The number of shares valued at over 100 per cent. of gold parity has increased from 32.2 per cent. in the previous month to 33.8 per cent. at the close of July. Thus a good third of the total of all shares has reached or considerably exceeded parity. The number of shares quoted at over 150 per cent. has also increased, while the number of shares quoted at under 50 per cent. has decreased. While this class included last month 25.4 per cent. of all shares, it now

represents only 21.9 per cent. Increased quotations this month occurred particularly in bank shares and in electrical and coal investments. The shares that rose so sharply last month, above all those of the I.G. Dye Industry and its affiliated companies, have shown relatively little change. The Roddergrube, with a rate of about 430 per cent. (with 24 per cent. dividends), remains by far the highest quoted stock. (*Ibid.*)

An Electrical Industry Trust.—Innumerable rumours have been current on the Bourse for some considerable time concerning a trust movement in the German electrical industry. Since horizontal concentration and trust formation have made such remarkable progress in the more important German raw material industries as well as in a proportion of the working up industries, it would not be at all astonishing if the German electrical industries also formed combinations in the same direction. It cannot be denied that tendencies have been developing for some time in the German electrical industry which may be considered as symptoms of slowly ripening concentration. To begin with, the great concerns of the industry—each on its own account—have made powerful preparations towards concentration by means of amalgamation with affiliated works and a steady development of international interests and obligations, so that to-day it is possible to speak of only three great groups, the Siemens Concern, the Allgemeine Electricitäts Gesellschaft (General Electric Company), known as the A.E.G., and the Bergmann Group. In addition to these, there is one other great concern which is represented on German territory, the Swiss Brown-Boveri group. Among the great German concerns, which have at their disposal extensive organisations with international branches, as well as their own affiliated companies and factories, and between whom there is in general very keen competition, a tendency has made itself felt for some years past towards mutual procedure on certain specialised lines. The most important example is afforded by the Osram Company, founded in Berlin in 1918, whose chief participants after the "Auer" company are the A.E.G. and Siemens and Halske. The Osram Company which was preceded for several years by loose agreements between the chief participants in the branch of electric bulb production, represents an electric bulb trust extending far beyond the German frontiers, uniting the groups in question in mutual co-operation as far as this important branch is concerned.

A second example, though not such a far-reaching one, is provided by the "Telefunken" company, formed by the A.E.G. and Siemens and Halske for wireless telegraphy in Berlin, whose task is to unite the activities of both concerns in the realm of radiography. There are, moreover, understandings between the great concerns in various branches of the industry, together with an exchange of processes, particularly in regard to the electrification of railways in Germany, and the Austrian affiliated companies also have working agreements, at least where home interests are concerned, which are indeed a vital necessity to uniformity of procedure in the development of the State railways.

The examples lightly touched on above serve to illustrate the existing tendencies, and show the need of concentration in such a highly developed system as that of the electrical industry. The keen competition among the individual works, particularly in the search after foreign markets, and the maintenance of extraordinarily extensive sales organisations doubtless constitute a great burden for all the concerns. There is no doubt that extensive co-operation on the part of the individual firms in the direction of manufacture would result in the simplification of the whole technical apparatus, as well as a more rational distribution of the various branches of production, a better utilisation of the plant, a greater economy in working expenses and an increased capacity for international competition on the part of the entire German industry. Care must of course be taken to preserve the individuality of the various branches within the trust.

The German electrical industry has suffered severely under the general crisis, and is at present not in a position to work beyond a certain proportion of its capacity. Even although the electrical branch succeeded in paying a 6 per cent. dividend for 1925, it must be remembered that the capital estimated in the gold balance-sheets of 1924 was very scanty and it is not at all clear whether the position of all the great concerns is equally solvent, although the state of liquidity has been greatly improved by means of large foreign loans. In any case the position of a certain proportion of the great firms is such that they are unable to do without the assistance of friendly banking institutions. This constitutes a very important point, which is likely to promote the formation of the trust, for if one of the most influential institutions of the German banking world stands in close relation to a part of the electrical concerns, it will certainly be to its interest to strengthen the industry in every way and to raise its capacity to compete in the world market. Although these suggestions may run ahead of facts, they doubtless indicate the line of development. The exigency of the economic position and the increasing difficulties of foreign competition are leading the German electrical industry and with it a proportion of the Central European concerns in the same direction as that followed recently by other branches of industry. The German industry cannot indeed long hold back from such a development, for it already stands in close relation to the two leading trusts in the United States, and an early completion of national concentration in the German concerns would place them in a stronger position in regard to international agreements than has hitherto been the case. (*Ibid.*, August 4.)

Price Index Numbers for Agricultural and Industrial Products.—According to the latest publications of the Reich Statistical Office, the difference in price between industrial materials and agricultural products has not only disappeared, but the price index number for the latter has even risen considerably above that for the industrial materials. However gratifying this may be, there is but little hope that it will prove of a lasting character. An examination of the developments of the last few years goes to confirm this doubt.

The distressed condition of agriculture during recent years has been aggravated by the great difference in price between industrial and agricultural products. While agricultural products, even after the inflation period, remained considerably below the general increase in prices, industrial products soared considerably higher. Agriculture, therefore, in purchasing the necessary machinery, tools and appliances and other industrial requisites had to pay relatively higher prices than it received for its own products. The effect of this has

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generally been compared to the action of a pair of scissors. The discrepancy in prices, more especially in 1924, the first year of the process of stabilisation, was exceptionally great. Compared with the price level of 1913 industrial were 30 per cent. higher in price than agricultural products. In 1925 the prices of the two products approximated much more closely to one another, as the difference only amounted to 6.6 per cent. In the first half of 1926 there was a relatively greater difference, 8.1 per cent. on the average. The following figures taken from the returns of the Reich Statistical Office show considerable fluctuations during these years, and have repeatedly led to the closing of the "price scissors," first in the beginning of 1924, and later in the middle of 1925 and 1926. The figures quoted are percentages of the 1913 figures, represented as 100:—

	1924.		1925.		1926.	
	I.P.	A.P.	I.P.	A.P.	I.P.	A.P.
January ...	147.9	108.8	139.9	131.3	131.1	115.9
February ...	144.6	104.2	139.6	140.9	130.1	114.1
March ...	145.9	104.1	139.7	135.0	128.5	111.3
April ...	148.9	107.7	138.2	129.2	127.1	118.1
May ...	150.9	110.6	137.6	126.6	124.7	122.7
June ...	151.1	100.9	135.3	131.7	123.7	123.6
July ...	143.1	96.4	134.9	135.0	124.1	131.0
August ...	137.9	103.1	135.2	133.0	124.4	130.0
September	139.2	112.1	134.5	120.3	—	—
October ...	138.1	128.0	134.2	118.7	—	—
November...	135.2	121.5	134.6	116.1	—	—
December ...	138.2	123.4	132.3	117.9	—	—
Average	143.4	110.4	136.4	128.0	127.5	117.9

I.P.—Industrial products. A.P.—Agricultural products.

The temporary equalisation of prices has each time been due to a sudden sharp increase in agricultural prices. Between July 1924 and February 1925, in a little over six months, the agrarian index number rose from its lowest to its highest level, an increase of nearly 50 per cent., chiefly owing to a boom in grain on the world market. The increases in the price of grain which occurred last and again this summer are mainly seasonal phenomena. Apart from these fluctuations an undeniable tendency to a lasting adjustment is apparent. Here the comparison of the scissors proves a good one, for the steady approach of the prices is taking place from both sides. While agricultural prices have risen considerably, the price level of industrial products has been steadily sinking. The average increase of agricultural products since 1924 has amounted to 15 per cent., and the drop in the price of industrial materials to 24 per cent. Compared with the yearly average of 1924, the half-yearly average of 1926 shows an increase of 7.5 per cent. in the prices of agricultural products and a drop of 16 per cent. in the prices of industrial materials.

The above table shows the main tendency, but the real difference between the prices is greater than it appears in the statistics. The industrial index number is built up chiefly on industrial basic materials, while the requirements of agriculture consist mainly of finished products, which are still 40 per cent. dearer than in 1914. The price index number for finished products was about 66 per cent. in the beginning of 1924 and 44 per cent. in June of this year above the July 1914 level. The decrease as compared with the beginning of 1924 is therefore 17 per cent., or considerably less than in the case of industrial materials (24 per cent.), though still greater than the increase in agricultural prices at the same time. The index number for agricultural machinery in June was 31.4 per cent. and that of agricultural appliances 46.4 per cent. higher than the July index number for 1914.

There is thus no great probability of the price scissors closing entirely in the near future. In the meantime the reaction has already set in, for the index number for agricultural products is falling, while that of industrial materials has started to rise. The entire German economic system is in process of rationalisation, and the

price pendulum is likely to swing many times in both directions before the final point of equilibrium is found. (*Deutsche Allgemeine Zeitung*, July 30.)

The European Iron Cartel.—In contradiction to the denials published by the German Unions, rumours based upon the growing foreign announcements are circulating to the effect that the conclusion of the negotiations for a crude steel combine between Germany, France, Belgium and Luxemburg is imminent. In the absence of official statements it can only be asserted that the value of such an agreement lies chiefly in the fact that an international crude steel combine constitutes the necessary foundation for an international cartel in the realm of special iron production, just as the German crude steel combine, as a general cartel of the German crude steel production, forms a firm basis for the special syndicates for A and B products.

Whereas the negotiations with regard to the rationing of the European continental crude steel output have not yet reached a definite solution, negotiations in the individual branches, such as rail, tube and wire production, are already far advanced. In the first place the European Rail Cartel ("Erma" or European Rail Makers Association), although not yet officially established, has actually been working for some time already. In contrast to the former International Rail Cartel ("Irma"), the new combine only controls European rail producers in Germany, France, Belgium and Luxemburg, as the chief producing countries of the European continent, and also in England, which country, strangely enough, is not represented in the crude steel negotiations referred to above. According to foreign announcements the Erma has been formed for two years, and the business management will be conducted from London. The quotas of the participating countries are said to be as follows: England 43.25 per cent., Germany and France 39.75 per cent., and Belgium and Luxemburg 17 per cent. The still unsettled discussion with the English works, which claim the British Dominions and colonies as their sole market, is to be solved by allowing European rail producers to supply British imperial markets only when contracts have been secured by Britain to the full amount of her quota. The formal signing of the Erma agreement was fixed for September, and till then the temporary agreements hold good with a minimum price for rails of £6 2s. 5d.

The understanding in the European tube industry is also very far advanced. The first official announcement was made on June 10 last to the effect that an agreement in respect of the export of wrought iron and steel tubes up to 318 mm. external diameter had been arrived at between the French, Belgian and Saar tube works on the one hand and the German-Czechoslovakian tube works together with the Polish Upper Silesian Bismarck Foundry on the other, the latter group having been formed for some time already by means of a cartel agreement. This international tube price combine with fixed sales quotas was ratified by an agreement signed in Paris at the end of June, to take effect as from July 1 last, with a duration of three years, and a possible extension to six years. With the formation of this European tube combine, the endeavours towards international co-operation on the part of the German tube union, which immediately after its formation concluded agreements with the Czechoslovakian tube works and the Bismarckhütte, have achieved an international basis, and in spite of great difficulties have extended this basis to the Western European producers with noteworthy success.

The negotiations carried on with a view to establishing a combine in the European wire refining industry have not yet been as successful as in the case of the tube and rail industries, though they appear to be reaching firmer ground, according to latest reports, since the formation of a Belgian wire union, which constituted one of the most important conditions of an agreement between the German, Belgian and French wire refining industries. The Belgian Union was formed at the end of June under

the style of "Entente Belge des Clouteries et Tréfileries," with headquarters in Charleroi, and commenced its activities on July 1 of this year. This Union has not, however, been able to acquire any predominant influence, for the reason that one of the largest Belgian concerns has elected to remain outside it. The concern in question is the Société Anonyme "Clouterie et Tréfilerie des Flandres." The main support of the Belgian Wire Union is the Ougrée-Marihaye Foundry. In addition to these difficulties on the side of Belgium, there are hindrances also on the part of Germany, as the sales activities of the German Wire Union only include the home trade and not export business, over which the Union only exercises indirect control through the fixing of prices and application of quotas. The successful conclusion of an understanding in the European wire refining industry thus depends upon the solution of the difficulties at present hindering the negotiations in respect of Belgium and Germany.

All these negotiations in international iron and steel production are an inevitable result of the cartel movement in the German heavy industry, in so far as this movement with its extinction of competition on the German iron market can have neither sense nor purpose if it does not at the same time succeed in removing the edge of foreign competition also. As soon as the cartel movement in German rolling mill production had been carried through as far as medium and fine sheets are concerned, understandings with extra-German heavy industries followed as a natural course. The necessity of an understanding with the French and Saar ironworks was the more urgent, as without such agreements no consolidation of the conditions of the South German iron market, that lame duck among German iron unions, could be thought of. At a recent meeting of the South German wholesale iron dealers which took place at Mannheim, and was attended also by iron dealers from the Saar district, a thorough understanding was arrived at with regard to the selling prices of cast and bar iron.

Whereas the greatest difficulties in last year's negotiations between the German and Western European heavy industries were presented by the handling of the Saar works, this danger has in the meantime been obviated by the fact that the Saar works have for the most part been amalgamated with the German Iron Cartel. Since the Rochlingschen Iron and Steel Works together with the Arbed Group, including the Burbach Foundry and Rothe Erde, have for some time been members of the German union, only the Neunkirchen Ironworks (formerly Gebr. Stumm) and the Dilling Foundry, which are both controlled by French capital, remain outside. An agreement was long ago arrived at with the Dilling works in respect of the quota question, and the official entry of this concern into the German union may be expected as soon as the Crude steel combine has been concluded. The Neunkirchen Ironworks will probably become a member of the German Union at the end of August. The Homburg Ironworks has been a member of the German Union ever since its formation, and there only remains the St. Ingbert hoop iron rolling mills, belonging to the Hadir group, which has already come to a price agreement with the German hoop iron association. Thus a more or less firm relationship exists with all the Saar works, and the imminent union with the remaining continental Western European heavy industry, particularly with the Lorraine works which are of great importance as rivals of South Germany, will to a great extent do away with the threatening danger hitherto menacing the cartel organisation of the German heavy industry from Franco-Belgian competition. (*Hamburger Fremdenblatt*, August 4.)

RUMANIA

POLITICAL AND GENERAL

Economic Conditions.—In his *Report on Economic Conditions in Rumania*, issued by the Department of Overseas Trade, Mr. R. J. E. Humphreys, Commercial Secretary to His Majesty's Legation, Bucharest, states that notwithstanding the acute monetary crisis that depressed Rumanian trade during the second half of 1925, a steady advance has been going on in the economic and industrial conditions of Rumania during the past two years. The period of transition still continues, but there is a gradual tendency towards a normal state of affairs. To this end two conditions are essential, the stabilisation of the currency and the improvement of communications. The natural wealth of the country is such that, provided a genuine stabilisation of the currency be brought about, an expansion of both import and export trade may be anticipated.

The Minister of Finance has stated publicly that without recourse to foreign assistance, three successive Budgets have shown an actual surplus. Moreover, the interest on bonds held abroad is being met and the interior floating debt is in course of being liquidated. As a result of successful negotiations with Great Britain and the United States regarding the funding of war debts, a special sum has been set aside for inter-allied war debts in the Budget for 1926. As regards all private debts, arrangements have been made with the creditors in Great Britain, France, Italy, Switzerland and the United States, and negotiations are being continued with Czechoslovakia, Belgium, Holland and Spain.

The fiduciary issue of the National Bank has remained fairly stable at about 20 milliard lei, as it has been the settled policy of the Government, in conjunction with the National Bank, not to have recourse to the printing press save in the most exceptional circumstances.

In dealing with the Budget results (the figures were given in *THE ECONOMIC REVIEW* of May 21) Mr. Humphreys mentions that the surplus of the last four years has been used for granting supplementary and extraordinary credits, principally to meet the needs of the railways, the army and navy, education, building and the redemption of certain internal and external floating debts. During the whole of this period the salaries of public officials have been, and still are, insufficient for their daily needs. Estimated expenditure and revenue for 1926 both exceed last year's figures by the sum of 5,874,760,000 lei; the increased expenditure is mainly attributed to (a) the needs of the Public Debt Department; (b) reconstruction work; (c) the raising of salaries.

In the section on trade (the detailed figures are given below under "Trade") the Report states that British trade with Rumania has been hampered by the instability of the currency and the fear on the part of British exporters that accounts would not be met. But if orders are to be secured in face of competition some term of credit is unavoidable. The interest for bank guarantees is, however, almost prohibitive. Apart from the question of price, and in some cases in spite of their higher prices, British goods are generally preferred to others in Rumania, owing to their superior quality. It is advisable to have all goods marked "Made in Great Britain."

Rumanian industries generally are suffering from the lack of adequate credits, with the exception of the petroleum industry, which is largely financed from abroad. The "Credit Industrial" banking institution has greatly assisted the industries with cheap credits, but its available funds are not sufficient for the needs of all, and credits are being sought abroad. All the fuel used by Rumanian industries is of home production; a comparatively small amount of hydraulic electric power is also used. Workmen's wages have increased to some extent, but not in proportion to the increase in the index number for the cost of living. Unemployment is practically unknown in Rumania. It is interest-

ing to note that progressive developments are taking place in a number of Rumanian industries. Advance, for instance, has been made in the textile branches, though fine quality goods are as a rule not produced. The coal output of Rumania is increasing yearly to such an extent that the railway authorities decided not to purchase coal supplies from abroad. In 1925 the Government imposed a high import duty to prevent the importation of foreign coal. Very little of the indigenous coal is, however, of good quality.

The Report further deals with the remaining industrial and agricultural activities, the problems of transport, shipping, etc., recent legislation, and social conditions. The Appendices contain detailed statistics of the various economic activities, and the financial and social conditions of the country. In regard to labour conflicts it should be noted that such conflicts were fewer in 1924 than in 1923. Later statistics issued by the Ministry of Labour show that this tendency was continued also in 1925.

FINANCE

External and Internal Debt.—At the end of the year 1925 the external debt of Rumania is given by the Ministry of Finance as follows: *Consolidated Debt.*—Pre-war loans: 1889–1913, gold and paper, Lei 1,418,179,500. Consolidation loan: 1922, £31,397,485, and 1925, L.41,145,738 (Italian). Special arrangements, payable annually (aggregate of annual payments outstanding): Fr.119,494,426 (French), Fr.13,617,820 (Swiss), Fr.130,826,475 (Belgian), C.Kr.438,621,205 (Czechoslovak), L.19,931,824 (Italian), \$1,542,495 (United States), and £25,856 (British). Relief Bonds: £3,850,310 (British), Fr.262,110 (Swiss), Fr.849,191 (French), Kr.82,909 (Norwegian), Kr.149,286 (Swedish), and Kr.188,812 (Danish). *Floating Debt.*—Treasury bonds issued in currency of high value not yet consolidated: £84,436 (British), Fr.14,728,722 (French), Fr.73,284 (Belgian), and \$22,500 (United States).

In the figure of pre-war loans 1889–1913 are included stocks held by ex-enemy nationals, which are now forfeited according to the Peace Treaties. Stocks held by Rumanians are payable in paper lei, but a large proportion of the amount shown must be considered as gold, as the redeemable bonds and coupons are mostly payable in currency of high value. The majority of the special arrangements are to be settled by the end of 1930; the Relief Bonds at the end of 1945. For the Treasury Bonds not yet consolidated the Government is endeavouring to conclude special arrangements. The sum estimated in the 1926 Budget for interest, commission and amortisation payments on the consolidated and non-consolidated debt is Lei 3,166 mill., as against Lei 2,810 mill. in the previous year. Since the beginning of the year 1924 the Rumanian Government has regularly met the redeemable bonds and the yearly instalments on the special arrangements. The interest-bearing coupons on bonds recognised by the Rumanian Government have been paid since 1921.

The internal debt of Rumania at the end of the year 1925 is given by the Ministry of Finance as described below (in lei): *Consolidated Debt.*—Pre-war loans, 1889–1913, 134,034,300; post-war loans, 1916–1920, 4,585,767,650; bonds issued in payment of expropriated estates, 10,100,000,000. *Floating Debt.*—Loans from the Banca Nationala, 10,787,355,869; Treasury bonds, 664,652,439; requisition bonds, approximately 1,000 mill.; State payment orders not executed (for goods delivered), approximately 700 mill.

The debt to the Banca Nationala has been reduced from Lei 12,309 mill. in 1922 to Lei 19,787 mill. on December 31, 1925, the payments having been effected chiefly with the gold accruing to the Rumanian State by the liquidation of the Austro-Hungarian Bank. The other items of the floating debt have also been reduced during the years 1924 and 1925, with the exception of the Requisition Bonds. The sum ear-marked in the

1926 Budget for the service of the internal debt is Lei 1,488 mill., as against Lei 863 mill. in the previous year. Of the former sum Lei 624 mill. has to be paid to the Banca Nationala in accordance with the new convention. Since 1919 the coupons of the consolidated internal loans have been regularly paid, and since 1924 the redeemable bonds also.

Besides the above-mentioned external and internal debts there are the inter-allied debts. As regards her debts under this heading to Great Britain and the United States, Rumania has arrived at an agreement, and in the Budget for 1926 a sum of Lei 1,338 mill. is provided for supplementary credits, including the service of these debts.

Report of the Bank of Rumania.—At the recent annual general meeting of the Bank of Rumania Ltd., the Chairman, General the Hon. Sir Herbert A. Lawrence, G.C.B., made in the course of his address the following statement in respect to the results of the year's activities and also as to matters affecting the national finances of Rumania.

The balance available, after making provision for bad debts and income-tax, amounts to £14,472 19s. 4d. An interim dividend of 3s. per share, less income tax, was paid on December 23 last, and the board recommends the payment of a final dividend of 3s. per share, less income tax, which will absorb a further £5,953 2s. 6d., and recommends that the balance of £2,566 14s. 4d. be transferred to contingency account. The business of the bank continues to be satisfactory. The working expenses, however, are heavy, due to the relatively high cost of living; and the rate of exchange at which we have to convert our lei profits reflects adversely on our profits in sterling. The exchange on London remained comparatively steady again throughout the year, commencing the year at Lei 920 to the £, touching its highest point of 1,080 in April and ending the year at Lei 1,050 to the £.

The cost of living in Rumania continued to rise, as shown by the index number of prices of food, clothing, etc.: August, 1916, 100; December 31, 1924, 4,225; December 31, 1925, 4,827. The Government of Rumania have declared their intention of following a policy of non-inflation and they have attained a considerable measure of success.

The note circulation of the National Bank slightly increased from Lei 19,356,437,000 on December 31, 1924, to Lei 20,126,370,000 on December 31, 1925. This increase is represented by increased rediscounts of commercial paper by the National Bank.

The policy of a restricted fiduciary circulation, while it assists to steady the exchange, has caused a stringency of money. The scarcity both of cash and banking credits has continued during the year 1925, and commercial transactions have been restricted.

As regards her war debts to Great Britain, Rumania has agreed to pay off yearly instalments varying from £50,000 to £750,000, the final payment to be made in 1987; and she has obtained from Great Britain a remission of her debt to the extent of £5,000,000, representing damages for the destruction of her oilfields during the war.

The estimated expenditure for 1925 was Lei 28,540 mill., plus extraordinary expenses Lei 3,210 mill., total Lei 31,750 mill., and the actual amount spent was about the same.

The estimated revenue for 1925 was Lei 31,750 mill., and actually the sum of Lei 32,890 mill. was collected up to December 31, 1925. The surplus of Lei 1,140 mill., it is said, will be increased by a further Lei 2,000–3,000 millions collected this year on account of 1925.

The Budget for 1926 estimates a revenue of Lei 29,250 mill. and an expenditure of Lei 24,518 mill., leaving a surplus of Lei 4,731 mill., which will be used for extraordinary credits.

The railways, having become autonomous on January 1 this year under the new law, will have their own

separate Budget (of about Lei 10,000 mill.), which is not included in the State Budget.

Customs Receipts January to April.—The Customs receipts collected during the first four months of the present year amounted to Lei 2,352,387,000 as against Lei 2,197,404,000 collected during the corresponding period of 1925. Of this total import duties accounted for Lei 1,180,818,000. The Budget for the current financial year estimated Customs receipts for the above-mentioned period at Lei 2,313,668,000, so that the actual results exceed the estimated figure by approximately Lei 40 mill. The result appears the more satisfactory when the fact is taken into consideration that the export trade has been greatly hampered by the accumulation of sand in the Sulina canal. (*Mitteleuropäische Wirtschaft, Neue Freie Presse, July 3.*)

TRADE

Foreign Trade in 1925.—The details of Rumania's foreign trade in 1925 that have now been published show that the commercial situation last year was less satisfactory than that of the year preceding. The total volume of imports amounted to 925,792 metric tons to the value of Lei 30,098 mill., as against 801,427 metric tons to the value of Lei 26,192 mill. in 1924 and 699,124 metric tons to the value of Lei 19,516 mill. in 1923; exports totalled 4,614,666 metric tons to the value of Lei 29,025 mill. in 1925, 4,731,484 metric tons to the value of Lei 27,824 mill. in 1924, and 4,900,734 metric tons to the value of Lei 24,594 mill. in 1923. The favourable balances of Lei 5,078 mill. in 1923 and of Lei 1,632 mill. in 1924 were thus converted into an adverse balance of Lei 1,073 mill. in 1925. Last year's adverse balance is attributed mainly to the decrease in the value and volume of grain exports. Whereas 1,774,617 metric tons of cereals and derivatives were exported in 1923, the total in 1924 was only 1,414,330 metric tons, and in 1925 it fell to no more than 844,527 metric tons, while the aggregate value of these exports moved from Lei 12,187,077 in 1923 to Lei 12,214,415 in 1924 and Lei 7,319,003 in 1925. The exports of petroleum and bitumen, on the other hand, show an appreciable increase over the same period, the figures being 416,025 metric tons to the value of Lei 3,222,426 in 1923, 437,914 metric tons to the value of Lei 3,375,371 in 1924, and 787,618 metric tons to the value of Lei 5,759,729 in 1925. There was also a marked improvement in the exportation of timber and allied products. In respect of imports a notable feature is a decided increase in the value of vegetable textiles and allied products, coincident with a decline in the quantity of these commodities imported. There was a marked advance in the value of machinery and vehicles imported in 1925, but silk and silk goods fell to about one-half of the value of 1924. The following tables give the main categories of imports and exports in 1925, compared with the figures for 1924:—

Imports.				
	1924.	1925.	1924.	1925.
	(In metric tons.)		(In thousands of lei.)	
(a) Live stock ...	73	150	6,821	15,056
Animal food-stuffs ...	11,273	9,537	231,340	198,018
Other animal products ...	929	929	27,032	31,526
Leather and goods ...	2,350	2,075	569,030	784,237
Furs ...	61	94	56,871	118,249
Wool, hair and products ...	6,476	5,847	2,576,873	2,095,767
Animal waste and products	906	926	77,492	86,677
Silk and goods	839	425	1,205,142	658,141
Total ...	22,906	19,983	4,750,601	3,987,671

	1924.	1925.	1924.	1925.
	(In metric tons.)		(In thousands of lei.)	
(b) Cereals and derivatives	21,737	47,927	341,212	782,807
Vegetables, seeds, flowers and parts of plants ...	10,427	8,892	431,250	431,324
Vegetable oils	2,422	2,817	122,284	144,757
Beverages ...	23	53	472	1,745
Fruits, groceries	27,394	28,274	754,251	1,090,917
Sugar and sweets ...	26,147	2,020	436,978	30,676
Timber and allied products ...	25,566	41,367	333,827	481,648
Vegetable textiles and products ...	39,660	39,040	7,661,431	8,835,045
Clothing ...	8,513	7,053	951,021	1,042,159
Paper ...	20,552	9,466	604,721	399,627
Celluloid ...	96	128	21,777	44,491
Rubber, vegetable juices, etc. ...	6,261	5,854	479,560	693,673
Total ...	188,798	192,191	12,138,785	13,978,869
(c) Mineral waters and salts ...	1,322	1,379	10,701	9,718
Earth, stones and manufactures of	51,117	56,251	242,176	424,987
Glassware ...	9,906	8,697	213,770	442,447
Petroleum and bitumen ...	4,775	5,091	76,736	104,252
Metals and articles of metal, and other mineral products ...	458,683	552,761	5,206,854	5,949,779
Total ...	525,803	624,179	5,849,237	6,930,779
(d) Machines ...	30,404	32,428	1,743,432	1,992,595
Vehicles ...	7,081	26,324	637,384	1,814,678
Ships, etc. ...	55	13	461	109
Clocks and watches ...	327	256	94,870	109,537
Musical instruments ...	200	237	22,722	32,437
Toys ...	299	264	64,412	51,885
Chemical products and medicaments	16,404	20,481	471,322	540,604
Perfumery ...	82	51	59,451	64,505
Colours and varnish ...	6,401	4,640	265,834	276,292
Explosives ...	2,667	4,013	93,938	317,970
Total ...	63,920	88,707	3,453,826	5,200,612
Grand total	801,427	925,760	26,192,449	30,097,931

Exports.				
	1924.	1925.	1924.	1925.
	(In metric tons.)		(In thousands of lei.)	
(a) Live stock ...	69,796	78,895	2,835,594	4,207,464
Animal food-stuffs ...	13,461	22,980	730,016	1,312,711
Other animal products ...	1	1	321	258
Leather and goods ...	940	1,113	87,670	167,729
Furs ...	281	320	131,789	192,869
Wool, hair and products ...	1,523	2,034	71,245	158,096
Animal waste and products	4,965	6,323	226,507	201,351
Silk and goods	27	30	16,894	17,759
Total ...	90,994	111,696	4,100,036	5,861,849
(b) Cereals and derivatives	1,414,330	844,527	12,214,415	7,319,003
Vegetables, flowers, seeds and parts of plants ...	77,235	112,344	1,355,384	1,401,562
Vegetable oils	3,306	3,634	148,130	148,023
Beverages ...	1,392	2,458	26,996	48,834
Fruits, groceries	29,725	43,941	380,022	595,364
Sugar & sweets	57	255	1,559	7,196
Timber and allied products ...	2,483,377	2,467,196	5,356,505	6,239,080

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	1924. (In metric tons.)	1925.	1924. (In thousands of lei.)	1925.
Vegetable textiles and products ...	640	130	20,664	18,764
Clothing ...	123	499	9,207	42,033
Paper ...	4,134	5,014	63,995	79,734
Celluloid ...	2	16	617	6,077
Rubber, vegetable juices, etc. ...	61,810	63,875	336,750	351,702
Total ...	4,076,131	3,543,889	19,914,244	16,257,372
(c) Mineral water and salts ...	33,542	44,796	39,281	64,038
Earth, stones and manufactures ...	33,106	56,740	33,941	61,971
Glassware ...	300	1,175	6,302	25,962
Petroleum and bitumen ...	437,914	787,618	3,375,371	5,759,729
Metals and articles and other mineral products ...	36,677	39,125	91,652	212,702
Total ...	541,539	929,454	3,549,547	6,124,402
(d) Machines ...	729	974	36,850	53,632
Vehicles ...	370	356	15,852	21,675
Ships, etc. ...	—	4	—	87
Clocks and watches ...	x	x	672	179
Musical instruments ...	11	18	841	1,856
Toys ...	x	1	111	259
Chemical products and medicaments	21,648	28,249	204,849	305,344
Perfumery ...	x	6	27	1,571
Colours and varnishes ...	62	3	573	341
Total ...	22,820	29,611	259,775	384,946
Grand total	4,731,484	4,614,650	27,823,602	29,024,957

x = less than one metric ton.

Provisional Foreign Trade Returns January to June.

—The official figures of foreign trade for the first half of the present year have not yet been made available, but Dr. Lazar Iliesco publishes in the *Bursa* of August 1 last his calculations as to the trade movements over this period. The figures are particularly interesting, since they show a remarkable change for the better as from the end of the first quarter. Dr. Iliesco attributes this improvement largely to the efforts of the present Government and to the consequent response in the rate of currency exchange. At the close of last year the Zurich rate was Fr.2.35; at the end of March it had fallen to Fr.2.14, and later it fell to Fr.1.60. As a result of Government measures a favourable reaction set in, and in June the rate actually touched Fr.2.50, becoming later more or less stable at Fr.2.35 to Fr.2.45. The following table of imports and exports during this period indicates how the commercial exchanges have moved in conjunction with the currency (in lei):—

	Imports.	Exports.	Difference.
January ...	2,739,209,079	2,402,980,589	— 336,228,490
February ...	2,987,459,289	2,143,252,952	— 844,206,537
March ...	4,074,596,424	2,716,349,606	—1,358,246,818
April ...	2,469,055,230	2,969,511,011	+ 500,455,781
May ...	2,830,359,051	4,075,393,698	+1,245,034,647
June ...	2,934,999,356	3,935,750,635	+1,000,751,279
Adverse balance end of first quarter ...			2,538,681,845
Favourable balance for second quarter ...			2,746,241,707
Favourable balance end of first half-year ...			207,559,862 lei

British Trade with Rumania.—The trade between Great Britain and Rumania during the last four years is recorded as follows (in £ sterling):—

	1922.	1923.	1924.	1925.
Imports from Great Britain—				
Home manufactured goods ...	2,630,491	2,772,464	2,857,170	3,071,400
Foreign & colonial goods ...	52,021	71,203	81,930	115,174
Exports to Great Britain ...	1,694,246	2,353,885	2,208,610	2,278,419

It will be seen that the imports from Great Britain to Rumania have gradually increased each year, while the exports from Rumania to the United Kingdom have remained fairly steady. Competent business men are of the opinion that the import of British goods is likely to increase further, as there is already a tendency to purchase in Great Britain certain articles which were formerly obtained chiefly from foreign competitors. If careful methods are adopted there appears to be no reason why British manufacturers should not secure a greater proportion of the Rumanian market for cotton and woollen tissues, yarns, sewing threads, jute, metals, colonial produce, spices and exotic drugs, besides many other articles. It is advisable for British houses to have their own selling firm registered in Rumania, and also to have their own resident representatives to act for them. In many cases it is also advisable to hold stocks in Rumania. More attention might be paid by British firms to advertising in the local papers, of which the most important are the *Argus*, *Universul* and *Dimineata*.

The following table shows the imports of textiles from Great Britain during the period 1919 to 1923. It will be seen that British supplies have fallen off during the last two years quoted. This is partly due to an increase in the imports from Poland, Czechoslovakia, Italy and France. The following table shows the textile imports from Great Britain (in thousands of lei):—

	Average rate of exchange.	Value of imports from United Kingdom.	Percentage of total textile imports.
1919 ...	79 = £1	315,510	20.29
1920 ...	203½ = £1	975,008	25.62
1921 ...	329 = £1	1,317,349	23.74
1922 ...	673½ = £1	736,603	14.63
1923 ...	948½ = £1	1,207,548	14.07

These imports from the United Kingdom are divided as follows into the four categories shown (in thousands of lei):—

	Wool and hair and manufactures thereof.	Cotton and other vegetable textile materials.	Silk and silk goods.	Confections.
1919 ...	52,932	242,522	5,819	14,237
1920 ...	162,242	761,027	12,470	39,269
1921 ...	230,635	1,019,782	23,484	43,448
1922 ...	68,437	647,032	10,808	10,326
1923 ...	143,615	998,075	43,950	21,908

An important factor in the textile trade will, no doubt, be the institution of free zones at the ports as soon as the appropriate law has been passed by the Parliament, for this will enable British manufacturers to hold stocks in their own names in these zones of the type and quality of goods known to meet the requirements of this market. Such depots of stocks would eliminate the risks of long credits such as are now granted by many manufacturers, as immediate delivery of goods could be made as and when they are required by the Rumanian buyers. Certain commission expenses could also be avoided by this method. (*Report* of H.M. Commercial Secretary, Bucharest.)

Pre-war and Post-war Trade.—During the few years preceding the war Rumania's foreign trade balance was peculiarly erratic. In 1913, for instance, the adverse balance corresponded in value to nearly \$10.5 mill., while in the following year a favourable balance of the equivalent of \$47.4 mill. was registered, the annual average being a favourable balance of over \$15.6 mill. This erratic tendency has been accentuated since the war. As against a favourable balance of \$25.4 mill. in the year 1923, there was an adverse balance of \$203.2 mill. in the year 1919. The annual average balance for the period 1919 to 1923 was an adverse one of approximately \$55.2 mill.

In a contribution to the June issue of *L'Economiste Roumain* Dr. L. Colesco discusses the various developments of Rumania's pre-war and post-war foreign trade. We have extracted from this article the following figures, which clearly indicate the general movements from 1911 to 1925 (inclusive). For the sake of a just comparison between the different years the value of imports and

exports is given in dollars ; it should, however, be noted that during the pre-war period \$1 equalled Lei 5, but that in 1919 \$1 equalled Lei 18, in 1920 Lei 55, in 1921 Lei 86, in 1922 Lei 150, in 1923 Lei 203, in 1924 Lei 202, and in 1925 Lei 208.

Volume (in metric tons).

(a) Pre-war period.

	Imports.	Exports.	Favourable balance.
1911	986,300	5,390,280	4,303,980
1912	1,213,957	4,326,735	3,112,778
1913	1,374,116	4,569,076	3,194,960
1914	1,145,298	3,127,449	1,982,151
1915	290,607	1,412,633	1,122,026
Average	1,002,056	3,765,234	2,763,178

(b) Post-war period.

	Imports.	Exports.	Difference.
1919	413,939	109,140	- 304,799
1920	304,485	1,467,118	+ 1,162,633
1921	615,451	2,713,138	+ 2,097,667
1922	583,668	4,069,963	+ 3,486,295
1923	699,203	4,901,649	+ 4,202,446
Average	523,349	2,652,201	+ 2,128,852
1924	801,427	4,731,484	+ 3,930,057
1925	925,792	4,614,666	+ 3,688,874

Value (in dollars).

(a) Pre-war period.

	Imports.	Exports.	Difference.
1911	113,949,005	138,344,081	+ 24,394,976
1912	127,581,112	128,420,756	+ 839,644
1913	118,002,528	134,141,067	+ 16,138,539
1914	100,848,104	90,378,164	- 10,469,940
1915	66,588,432	114,036,419	+ 47,447,987
Average	105,393,836	121,064,097	+ 15,670,261

(b) Post-war period.

	Imports.	Exports.	Difference.
1919	209,020,000	5,800,000	-203,220,000
1920	126,914,372	62,687,413	- 64,226,959
1921	141,225,643	96,000,000	- 45,225,643
1922	82,170,000	93,600,000	+ 11,430,000
1923	95,837,650	121,233,837	+ 25,396,187
Average	131,033,531	75,864,250	- 55,169,281
1924	129,665,590	137,790,000	+ 8,124,410
1925	144,701,000	139,543,000	- 5,158,000

AGRICULTURE

Harvest Prospects.—According to various reports quoted in the *Argus*, the prospects of this year's harvest in Rumania are exceptionally good. These reports refer to all parts of the country, even to Bessarabia, where for several years past the crops have proved unsatisfactory on account of the drought. It is expected that large volumes of grain will be available for export, including some 1.5 mill. tons of wheat, 1 mill. tons of barley, 2.5 mill. tons of maize and 250,000 tons of oats. In anticipation of the exceptionally heavy transport traffic to be expected as a result of this year's harvest the Government has requested the loan of a large number of trucks and locomotives from the Czechoslovak Railways.

The *Argus* reports are confirmed by those of other journals, although the *Economiste Roumain* points out that the area under wheat cultivation is less than in the previous season. The farmers are said to be making a move to keep up prices ; if they are successful, their action may have a decided influence upon grain exports. Another important factor to be considered is the removal of the 30 per cent. surcharge to the freight charges for the transport of imported flour, as a result of which imported flour suffers no disadvantage as compared with the home product.

Discussing the present agricultural situation of Rumania in the *Mittteleuropäische Wirtschaft, Neue Freie Presse*, of July 24 last, Dr. I. F. Köver, of Bucharest, considers that, unless any disaster should occur at the last moment, this year's harvest will constitute a post-war record. In the issue of July 17 of the same journal the present crops are estimated as follows (in metric cwts): Wheat, 35,101,745, or 11 per hectare (28,506,047 last year) ; rye, 2,989,889, or 9.9 per hectare (2,031,477) ; barley, 19,014,842, or 12.2 per hectare (10,193,000) ; and oats, 12,473,000, or 11.6 per hectare (7,400,000). The total grain harvest is estimated at 69,580,000 metric

cwts. as against 48,131,000 metric cwts last year, an improvement of nearly 21.5 mill. metric cwts. on the last harvest. The maize crop is also expected to be exceptionally good.

According to the statistics issued by the Rumanian Ministry of Agriculture and published in the *Bursa* of July 18 last, the total area under grain cultivation as compared with last year is divided among the various crops as follows (in hectares): Wheat, 3,185,672 (3,300,887 in 1925) ; rye, 299,660 (270,481) ; barley, 1,549,592 (1,704,061) ; oats, 1,068,049 (1,184,847) ; and maize, 4,009,770 (3,930,780)—total, 10,112,743 (10,391,056).

SPAIN

POLITICAL AND GENERAL

The Moroccan Settlement.—The Franco-Spanish Agreement on Moroccan affairs was initialled at the Quai d'Orsay on July 10 by Marshal Pétain and M. Berthelot, Secretary General of the Ministry of Foreign Affairs, for France, and by Señor Quiñones de Leon, the Spanish Ambassador at Paris, and General Count Jordana for Spain. Three days later General Primo de Rivera and M. Briand appended their signatures and the agreement thus came immediately into force. The Madrid journal *El Debate* states that the agreement is divided into four sections: the first deals with the surveillance of the sea coast, the second with the surveillance of the land frontiers, the third with the question of undesirables, and the last with the question of frontier delimitation. Each nation will be responsible for coastal surveillance in its own protectorate zone, except off Cape Judy, where the combined naval forces will jointly patrol. With regard to the frontiers, a mixed commission is to proceed with the least possible delay to delimit the eastern frontier, but the Commission will deal with the question of the western frontier only after certain military operations have taken place and views exchanged between the Spanish and French High Commands. The question of undesirables remains practically the same as determined by the Madrid Conference last year, the stipulations also applying to the Tangier international zone. The agreement does not deal with the problem of the treatment of Abd-el-Krim ; but according to a statement reported to have been made by M. Briand, it has been determined to send Abd-el-Krim to the island of Réunion.

In respect to the Tangier zone, General Primo de Rivera stated that the Spanish Government had many times expressed a desire for a modification of the Tangier Statute. He considered that Tangier should

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retain its international character and Spain was not requesting any modification of the military regulations. But in regard to the internal administration of the town, Spain considered that the extent of her interests and the size of the Spanish colony entitled her to hold a more important position there than that which she now occupied. Spain ought also to receive authority to exercise a constant surveillance in the Tangier zone in order to fulfil her mission there. Failing that, an arrangement should be made with France for an intimate co-operation, producing a continuous and effective vigilance throughout the zone; otherwise the native tribes would be able to collect arms and munitions and eventually to organise further revolts.

FINANCE

Extraordinary Budget July to December.—The Spanish Government has decided to change the economic year so as to make it coincide with the calendar year. This change has necessitated the preparation of an extraordinary Budget to cover the period of the second half of the present calendar year, since the next yearly Budget will be for the twelvemonth commencing January 1, 1927.

The *Gaceta de Madrid* of July 1 states that the estimated total expenditure for the half-year July 1 to December 31, 1926, is Ptas.1,445,518,525, and that the estimated total revenue amounts to Ptas. 1,478,092,334. These figures represent a considerable improvement on those for the first half of 1926, since revenue has increased by approximately Ptas.100.4 mill., while expenditure has been reduced by approximately Ptas.100.8 mill., as the following figures show (in millions of pesetas):—

	1926. First half-year.	Second half-year.	Difference.
Revenue ...	1,377.7	1,478.1	+ 100.4
Expenditure	1,546.3	1,445.5	— 100.8
Deficit ...	168.6	Surplus 32.6	Improvement 201.2

The increase in revenue is provided for in the five different categories as follows (in millions of pesetas):—

	First half-year.	Second half-year.	Increase.
Direct taxes...	501.4	525.0	23.6
Indirect taxes ...	526.7	571.0	44.3
Monopolies and services ...	306.5	324.7	18.2
Yield of State properties ...	15.9	23.4	7.5
Treasury items ...	27.4	34.1	6.7

Among the sub-divisions of taxation the main increases expected are (in millions of pesetas): from Customs receipts, 296.8 as against 271.3, increase 25.5; territorial taxes, 157.3 as against 140.3, increase 17.0; stamp duties, 140.0 as against 123.3, increase 16.7; royalty dues, 80.5 as against 70.0, increase, 10.5; lotteries, 160.0 as against 150, increase, 10.0; chicory duty, 10.0 as against 0.9, increase 9.1; income tax, 21.7 as against 15.7, increase 6.0; industrial taxes, 75.5 as against 71.5, increase 4.0; matches duty, 23.0 as against 19.0, increase 4.0; transport taxes, 35.9 as against 32.5, increase 3.4; and tobacco duty, 134.0 as against 131.0, increase 3.0. Other increases in no single instance attained the figure of three million pesetas. Apart from the item from the Banco España, which yielded Ptas.10 mill. in the first half-year, but from which nothing is expected in the second half, the estimated decreases in the remaining sub-divisions are both few and slight. The yield of the mines tax is estimated at Ptas.7.8 mill. as against 11.1 mill., a decrease of 3.3 millions; the sugar duty at Ptas.43.2 mill. as against 45.5 mill., a decrease of 2.3 millions; the alcohol duty at Ptas.21.7 mill. as against 23.0 mill., a decrease of 1.3 millions. In every other single instance where a decrease is provided for the diminution does not reach a million pesetas.

The estimated total expenditure for the current half-year, as compared with that for the corresponding period of 1926, is as follows (in millions of pesetas):—

	First half-year.	Second half-year.	Difference.
General obligations ...	446.2	456.9	+ 10.7
Departmental expenditure	1,100.1	988.6	—111.5
Total ...	1,546.3	1,445.5	—100.8

The chief increase in expenditure is on account of the Treasury Debt: Ptas.132.1 mill. as against Ptas.122.2 mill., increase Ptas.9.9 mill. There is also an increase of Ptas.2.3 mill. for the State Debt (Ptas.268.6 mill. as against Ptas.266.3 mill.). The individual decreases in expenditure are in some cases very considerable: expenditure of the Ministry of Public Works is, for instance, estimated at Ptas.164.9 mill. as against Ptas.210.6 mill., a decrease of Ptas.45.7 mill.; that of the Ministry of War at Ptas.182.2 mill. as against Ptas.221.5 mill., decrease Ptas.39.3 mill.; that of the Ministry of the Marine at Ptas.75.1 mill. as against Ptas.89.6 mill., decrease Ptas.14.5 mill.; that of the Ministry of Education at Ptas.78.1 mill. as against Ptas.89.2 mill., decrease Ptas.11.1 mill.; and expenditure on the Protectorate at Ptas.129.8 mill. as against Ptas.140.3 mill., decrease Ptas.10.5 mill.

In a recent statement Señor José Calvo Sotelo, Minister of Finance, referred to the progress made in the Budget during recent years. In the financial year 1919–20 the deficit was Ptas.1,379 mill., in 1920–21, Ptas.692 mill.; in 1921–22 it rose to Ptas.1,299 mill., but fell to Ptas.930 mill. in 1922–23, to Ptas.576 mill. in 1923–24, and to Ptas.567 mill. in 1924–25. The result is the more satisfactory, since expenditure on military and naval operations in Morocco was exceptionally heavy last year. In the current financial year the improvement is so far even more pronounced. The extraordinary credits for the Ministry of War and operations in Morocco will, for instance, not exceed Ptas.100 or 125 mill., as against an expenditure of about Ptas.300 mill. last year. Since 1924 there has been a definite decrease in the emissions of floating debt or Treasury Bills. The latter will not exceed Ptas.400 mill. in 1926, as against Ptas.800 mill. in 1923. The present situation is such as to warrant the great hopes that are entertained in respect of carrying out the vast plans of economic reconstruction in the country.

Final Treasury Accounts July 1925 to March 1926.—The Ministry of Finance has recently published the Treasury's statement of accounts for February and March last and also for the first nine months (July 1925 to March 1926) of the present financial year. Payments effected in February last amounted to Ptas.419.6 mill. as against an estimated figure of Ptas.414.1 mill., while receipts from all sources for the same month totalled Ptas.261.3 mill. as against an estimated total of Ptas.258.26 mill. Actual expenditure thus exceeded the estimates by Ptas.5.5 mill., and receipts collected were approximately 3 millions more than anticipated. The estimated deficit of Ptas.155.8 mill. for the month was therefore exceeded, the actual deficit being Ptas.158.3 mill. The exceptionally heavy expenditure for February was caused by the unusually high figure for the costs of "contribuciones."

The actual expenditure in March last amounted to Ptas.306.5 mill., as against an estimated total of Ptas. 296.5 mill. Revenue collected during the month amounted to Ptas.259.2 mill., as against the estimated figure of Ptas.257.5 mill. Against an improvement of Ptas.1.7 mill. in receipts must therefore be set the increase of Ptas.10 mill. in expenditure for the month. The actual deficit was Ptas.47.3 mill., as against the Budget figure of Ptas.39.0 mill.

The total receipts collected during the period July 1925 to March 1926 (inclusive) amounted to Ptas. 2,160,750,360.91, as compared with a total of Ptas. 2,447,349,888.95 for the corresponding months of the preceding financial year, a decrease of Ptas.286,599,528.04.

The figures tabulated below enable a comparison to be made between the actual expenditure and the

receipts collected during the first three quarters of each of the financial years from 1921 to 1925-26 (in millions of pesetas) :—

July to March.	Receipts.	Expenditure.	Difference.
1921-22	3,887	3,132	+ 755
1922-23	2,537	2,819	— 282
1923-24	2,562	3,007	— 445
1924-25	2,447	2,134	+ 313
1925-26	2,161	2,367	— 206

(*España Económica y Financiera*, August 7.)

Revenue Returns for June.—According to the provisional figures issued by the Ministry of Finance, the Treasury receipts collected from all sources during the month of June last totalled Ptas.300,887,752 as compared with Ptas.299,861,705 in the corresponding month of 1925, thus showing an increase of Ptas. 1,026,047. The main increases were as follows (in millions of pesetas): Territorial taxes, 1.2; alcohol duty, 3.9; tobacco duty, 1.6; stamp duty, 5.7; and lotteries, 2.0. Decreases were registered in the industrial taxes, 1.0; profits tax, 6.0; sugar duty, 1.5; and miscellaneous, 3.0. Although the returns for the month in question show an improvement on those for June 1925, the progress made during the financial year just closed did not come up to expectations. The total increase in revenue collected from all sources during the financial year was about Ptas.54.8 mill., which is a lower amount than that generally estimated.

The total amount collected in respect of the tobacco duty during the economic year ended June 30, 1926, reached the figure of Ptas.425.35 mill., while that for stamp duties totalled Ptas.255.29 mill. These sums represent respective increases of Ptas.4.36 mill. and Ptas.11.35 mill. on those obtained from the same sources in the preceding year. (*España Económica y Financiera*, July 17.)

TRADE

Foreign Trade Returns for the First Quarter.—The Council of National Economy has published the returns of Spanish foreign trade for the first quarter of the present year. The total value of imported goods, including gold and silver bullion, etc., amounted to Ptas.624,478,567, as compared with Ptas.540,137,096 in 1925 and Ptas.741,908,686 in 1924. The total value of the exports shows an improvement on each of the two preceding years amounting to Ptas.473,481,356 in the first quarter of this year, as against Ptas.438,316,380 in 1925 and Ptas.460,627,330 in 1924. The adverse balance of trade, which was reduced from Ptas. 281,281,356 in the first quarter of 1924 to Ptas. 101,820,716 in 1925, was thus increased to Ptas. 150,997,211 in the first three months of 1926. The following table shows the distribution of imports and exports among the main categories in the first quarter of 1926, as compared with the figures for the corresponding period of 1925 and 1924 (in pesetas) :—

	Imports.		
	1924.	1925.	1926.
Live stock	4,631,551	4,369,553	5,701,916
Raw materials... ..	225,684,477	224,450,828	251,319,854
Manufactured articles	418,623,697	230,494,920	249,280,673
Foodstuffs	92,428,659	78,977,816	117,974,362
Gold bullion and specie	508,750	1,843,892	177,900
Silver bullion and specie	31,552	87	23,962
Total	741,908,686	540,137,096	624,478,567
	Exports.		
	1924.	1925.	1926.
Live stock	561,605	629,190	708,571
Raw materials... ..	91,496,568	90,261,976	84,884,063
Manufactured articles	98,399,350	118,081,138	97,364,708
Foodstuffs	270,143,425	229,274,851	290,362,019
Gold bullion and specie	2,442	—	29,820
Silver bullion and specie	23,940	69,225	131,575
Total	460,627,330	438,316,380	473,481,356
Adverse balance	281,281,356	101,820,716	150,997,211

It will be noted that although the value of imports was higher in the first quarter of 1926 than in 1925, it was Ptas.117.5 mill. lower than in 1924. The total

volume of foreign trade in 1926 amounted to Ptas. 1,097.9 mill., as compared with Ptas.978.4 mill. in the corresponding period of 1925 and Ptas. 1,202.5 mill. in that of 1924. (*España Económica y Financiera*, July 17).

Considerable attention has lately been directed to the unusual consignments of gold from Great Britain to Spain. The reason for these shipments has not been made clear, but they are probably due to the regulations of the Spanish Customs, which require payment of Customs duties in gold or the equivalent of gold. These equivalents are based upon the average of exchange for the preceding month. If the exchange improves it is more advantageous for the importers to obtain supplies of gold than to pay in peseta currency at under gold value.

Foreign Trade and Customs Intelligence.—The *Gaceta de Madrid* of July 14 publishes a Royal Decree giving legislative effect to the recommendations of the Council of National Economy in regard to measures to be adopted for the immediate protection of Spanish industries. Under the Decree in question tariff protection and other assistance will be afforded to agricultural, cotton, iron and steel, and other manufacturing companies.

The importation of foreign wheat is prohibited; the Government will grant subsidies on exports of wheaten flour, and substantial increases have been made in the "first" and "second" tariffs on imported rye, barley, maize, garbanzos, and other agricultural produce. A committee is to be set up to control the production and exportation of cotton yarns and textiles, and assistance will be given to the export trade in these goods by means of long-term credits and cash subsidies, the funds for the latter being provided for out of an import tax of five centimos per kilogramme on raw cotton. The building of new cotton and textile factories is prohibited, except by special Government permit. For the purpose of protecting the Spanish iron, steel and other manufacturing industries, various modifications have been made in the import duties on raw and semi-manufactured goods, machinery, vehicles, etc., by introducing variations in classification and applying increases varying from 10 per cent. to 25 per cent. of the current rates in the Customs tariff. These increases also apply to imported cotton, silk, linen and woollen goods. The additional duties will not, however, be applicable to any items in the Spanish Customs tariff which are specifically covered by existing commercial treaties so long as the latter remain in force. (It will be noted, however, that the present Anglo-Spanish trade treaty expires on April 23, 1927, subject to either of the contracting parties giving six months' notice prior to that date of his intention to terminate the treaty. Failing such notice, the treaty is to remain in force until the expiration of six months from the date on which either of the Contracting Parties shall have denounced it.) The new regulations covered by the Decree came into force on July 17 last, but the altered rates of Customs duties will not apply to those goods awaiting clearance or shipped from point of origin before July 14 last.

A Royal Decree published in the *Gaceta* of June 9 last imposes a small duty on exports of olive oil. Under the terms of the decree only pure olive oil will be allowed to be exported as such, but the sale of a mixture with other vegetable oils—with the exception of cotton-seed oil—will be permissible in Spain. In the event of the supply of olive oil in the country becoming scarce owing to a bad harvest or to an increase in the demand from abroad, the Government will reduce the tax on imported foreign oil to such extent as may be necessary to alleviate the scarcity without prejudice to the home industry. Such imports will be subject to the reduced tax of Ptas.2.50 per 100 kilogrammes, but will be allowed only through the ports of Tarragona, Malaga, Seville, Cadiz and Valencia. Olive oil of known marks, or specifically labelled, will not be subject to export duty, but where the marks are not registered, or the cases do not clearly show that they contain olive oil of national production, the tax will be imposed if

conditions should justify its application. The Government is endeavouring to procure a reduction in the cost of transporting olive oil across the Atlantic. The regulations with regard to tinplates for packing oil of Spanish registered marks remain unaltered. All re-imported Spanish oil that has been refused by the authorities of the country to which it was exported will be analysed by the Government officials in Spain on behalf of the importer. Should the analysis prove favourable the Spanish authorities will permit the oil to re-enter the country, the certificates of analysis being attached to the Customs-house documents. (*Report of the Anglo-South American Bank, June 19, July 24.*)

COMMUNICATIONS

Railway Reports.—The receipts of the Northern Railway of Spain for the year 1925, states *La Nación*, show an increase of Ptas.4,346,785.56, and expenditure an increase of Ptas.3,216,447.19, on the figures of the preceding year. After deducting expenditure at Ptas. 211,440,803.88, there was a net yield of Ptas. 120,774,976.40 as compared with Ptas.119,644,638.03 in 1924. After deducting the various items for costs, pensions and various charges, there remained an available balance of Ptas.22,975,236.06, as compared with Ptas.22,101,292.31 in the preceding year. A dividend of Ptas.28.50 was declared, equal to that of 1924. The State's share of the profits amounted to Ptas. 47,681,575.38, thus showing an increase of Ptas. 1,669,472.47 on its share in 1924. Out of its own funds the company bought during the year 29 locomotives, 56 carriages and 1,122 trucks.

At the general meeting of the Southern Railway of Spain held recently in London, the chairman, Mr. Richard Popkiss, stated that although the net profit for the year was £2,629 ls. 3d. less than that of 1924, the available balance was practically the same, owing to the slightly larger credit balances brought forward from the previous year. The available balance amounted to £40,953 7s. 2d. The directors recommended the payment of 4 per cent. on the Income Debenture stock for the year 1925, which would absorb £28,789 ls. 2d., leaving a balance of £12,164 6s. to be carried forward. The working expenses for the year amounted to £163,977, or 75.13 per cent. of the receipts, an increase in ratio of 6.6 per cent. over that of 1924.

THE ECONOMIST'S BOOKSHELF.

GRATUITOUS CREDIT.

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

Mr. Finlay takes his readers into an ideal social state and enunciates the principles of production, distribution and exchange which should be operative therein. The journey to this land of idealism can be accomplished in what the author considers a just and reasonable manner, by the abolition of interest and the public appropriation of rent. The magic wand which will work these wonders is the quantitative increase of the amount of money or credit—the author apparently prefers to ignore the difference between these two phenomena—until it equals the value of the assets in a country. This operation is to be controlled by a government department which will achieve this stupendous task and at the same time maintain a constant price level through its control of index numbers. A further important function of this department is to grant credit to each individual or company, all assets being registered to determine the extent of such credit. Unfortunately the author gives no indication of the organisation of this department nor of the number of chartered accountants required. He ignores the difficulty of valuation of the assets. Instead of explaining the methods of price stabilisation readers are informed that it will be a simple routine matter, because people will purchase about the

same quantity and quality of goods as formerly. One gathers from this passage that gratuitous credit will apparently be introduced for its own sake. Little use it would be to suffering humanity if our consumption of commodities were not increased.

A quackery of this kind calls for no detailed examination here. Ever since the use of paper money was forced on the warring nations reformers of currency and credit have adumbrated schemes for the abolition of their particular aversions and for the betterment or enrichment of mankind. Mr. J. C. Finlay gives a strikingly original and fantastic interpretation of the well-worn theme. The efficiency of banking organisations which has led to the steady enlargement of their profits (and services) now appeals to the public spirit of the nationalists.

It might be added that about half this work contains an analysis of the present industrial organisation. Here Mr. Finlay traces out some interesting developments of economic theory and breaks a lance with Irving Fisher and other writers. At times his originality is both impressive and refreshing. Throughout the work the author maintains an easy and fluent style. An occasional piquant phrase pleases the reader. It seems clear that the author is a man of considerable erudition. It is all the more regrettable that he should devote his energy to an exposition of such futility.

D. M. SANDRAL.

SHORT NOTICES.

The Sweden Year-Book 1926. (Stockholm: Almqvist & Wiksell Co., Ltd.) This edition of the Sweden Year-book, which has been edited and published with the assistance of the public authorities, contains much comprehensive information concerning modern conditions and activities in the Kingdom of Sweden. The book is valuable as a work of reference for affairs of governance, while chapters are devoted to the survey of Industry and Mining, Agriculture, Foreign Trade and Foreign Shipping, Banking, Social Insurance, the Labour Market, Workmen and Employers, the Cost of Living and Wages, the Housing Problem, and other subjects of particular interest to business men and economists. A special chapter deals with Customs Regulations, with useful information concerning foreigners and trade with foreign countries; while another contains some useful matter with regard to the various industrial institutions and associations, and notices of national exhibitions and fairs, together with some general commercial intelligence. The different chapters dealing with labour and social problems are of particular interest, and these have been collated and republished as a separate booklet under the title of "Social and Labour Conditions in Sweden." In this reprinted edition a clear exposition is given of the law with respect to the protection of workers and of the measures adopted for the care of the poor and of children. It also explains the operations of the *Riksföräkringsanstalten*, or State Insurance Bureau, the Old Age and Invalidity Insurance Act of June 30, 1913, and sick benefit societies in Sweden, with detailed statistics. In discussing the condition of the labour market the unemployment figures of Sweden in 1925 are compared with those of other countries and also with those of the two preceding years. There are also some notes on emigration. The existing relations between workmen and employers are aptly described and an explanation given of the collective agreements between these parties, and also of mediation legislation. As in other countries, the housing problem in Sweden became acute after the war. This reprint shows what the Swedish Government has done to mitigate the evil, explains the effect of the rescinding of the Rent Restriction Act and the purpose of the Government "Own Homes" Loan Fund, which has encouraged the establishment of small holdings and dwelling-houses in rural districts. Both the Year-book and the reprint are very readable productions. In addition to the subjects mentioned above, the Year-book also contains attractive reading on Swedish Music, History, Architecture, the Church, Education, Art in Industry, the Press, Academies and Learned Societies and an interesting article on the Land of the "Midnight Sun."

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	4	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	148.7
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	158.7	159.0	Aug. 6	156.7	
Sept. 15	161.2	154.3	Mar. 14	182.1	165.4	June 19	160.6	157.6	„ 13	155.6	
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
Aug. 6 ...	77.8	176.5	60.4†	127.2	88.2	103.1	97.1	136.8	98.5	78.8	104.44	Aug. 6
„ 13 ...	82.0	172.1	60.4†	121.1	84.5	103.1	98.6	137.5	98.5	79.4	103.72	„ 13

† Nominal. * Revised Quotation.

SECURITY PRICES.

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

IN NEW YORK.				IN LONDON.		IN NEW YORK.				IN LONDON.	
Week ending	Indus- trials.	Bonds.*		Indus- trials.	Gilt edged.	Week ending	Indus- trials.	Bonds.*		Indus- trials.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7	1925, Jan. 3	150.7	101.6		133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6	„ 17	151.8	101.9		137.8	117.5
Aug. 20	80.3	90.4		105.4	93.3	June 6	158.2	105.3		128.0	115.3
Oct. 29	91.1	92.0		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	„ 31	197.8	106.2		122.9	113.4
June 21	115.3	103.3		118.2	118.0	Aug. 7	203.7	107.0		123.5	113.4
Nov. 8	130.1	103.7		133.7	120.4	„ 14	205.5	106.3		123.9	113.5

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

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