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COMMENTS

WE understand that the first Prussian State Loan, which after a lapse of many years is just about to be issued, will cost Prussia considerably less than all the previous German Dollar Bills. A Syndicate of American Banks headed by the firms of Harris, Forbes & Co. and the Equitable Trust are to place in America and partly, it is rumoured, in Europe \$20,000,000 of 6½ per cent. 25-year Bonds. It is impossible as yet to calculate the exact cost of this Issue to the Prussian State, but there is every reason to believe that the credit of Germany has sufficiently improved to make conditions considerably easier. It must also be borne in mind that the Bourse situation in Germany has lately been such as to allow the successful flotation of new Issues on the internal German Market and there is no doubt that Prussia need not have resorted to the American market to place her new Loan.

In commenting upon the impending Issue, the *Frankfurter Zeitung* suggests that the main reason for placing the Loan in America is that the Minister of Finance wants to preserve good relations with the American Syndicate named above, and that in view of the small volume of the new German flotation it need not be regarded as an indication of Germany's lack of capital.

THE consequences of the lowering of the Austrian Bank Rate, which occurred last month, are now beginning to be felt on the Vienna Bourse. Business has become more active, and a gradual rise in security prices seems to have definitely set in. The shares of electrical and paper manufacturing undertakings were particularly favourably affected, while the rise in railway shares probably marks only the beginning of an upward movement. In view of the good harvest and also owing to the comparative liquidity of the money market there is every reason to hope that Austria is entering on a period of improvement in her Bourse situation. It is interesting to observe that the various Austrian trustee securities have received a certain amount of attention lately, since there seems to be a growing belief among investors that some kind of a revaluation scheme will have to be carried through sooner or later. This would mean very considerable capital appreciation in the case of a large number of securities.

OWING to the postponement of the discussion of the Currency Bill in the Legislature, doubts have been expressed in certain quarters as to the Government's intention in the matter of maintaining the rupee exchange at one shilling and sixpence. The Government of India, therefore, on Monday last, issued a statement emphasising their decision, announced on August 4, 1926, of taking such steps as may be necessary to prevent any undue fluctuation in the exchange value of the rupee in order to confine the movement of exchange within the approximate upper and lower gold points as calculated on the basis of a 1s. 6d. gold rupee, namely, 1s. 6 3/16d. and 1s. 5½d. The whole subject of Indian currency and exchange is well surveyed in an article

in this month's *Review* of the Midland Bank. The article analyses the Royal Commission's recommendations, grouping them under three headings as follows: (1) the new legal ratio for the rupee; (2) the introduction of a gold standard with no gold coins in circulation; and (3) the foundation of a new central bank, and the displacement of the Government as the controller of currency. Few critics suppose that this Commission's report contains the last word on the fate of the rupee, therefore, this article, taking cognisance of several objections raised against various points contained in the recommendations, will be found of considerable use to the student of Indian problems. The writer of it concludes that the gold exchange standard is far better suited than the gold standard to a country like India absorbing gold on a large scale. Moreover, it appears that the proposals for a gold standard are not calculated to satisfy the native's supposed demand for a monetary system demonstrably and obviously linked to gold. The main criticism contained in this article, as in other critical appreciation, is levelled at the proposal to institute a new central bank, to be called the Reserve Bank of India. It is pointed out that on all hands it has been asked—Why not adapt the Imperial Bank instead of setting up a new institution? The answer supplied by the Commission is that the Imperial Bank has, with Government support, built up a widespread system of branches, and fulfils so many useful commercial banking functions which would not be performed, except at a much later stage of development, by other banks, that it cannot be spared to specialise in the duties of a central bank. This is the point around which much controversy ranges itself, but, as the article in question concludes, a prolonged period of uncertainty is in the first degree undesirable. The Government should lose no time in formulating and making known its attitude towards the projected gold standard and the proposed new central bank. Time alone can tell whether India is destined shortly to take up her position on the gold standard, and whether the Reserve Bank of India will blossom forth from the sometimes sterile, sometimes fruitful pages of a blue-book.

MR. J. P. MACGREGOR, His Majesty's Consul, Boma, in a report just issued on the economic situation in the Belgian Congo during the twelve months preceding June 1926, writes that the period under review has been one of steady progress and general prosperity. Until the recent break in the Belgian exchange, the franc had remained remarkably steady so that one of the most familiar difficulties of post-war trade was practically eliminated. Both imports and exports have shown steady expansion. Although 1924 revealed a small adverse trade balance this was entirely accounted for by the large purchases of material for railway construction. The share of the United Kingdom in both the import and export trade has been well maintained, as has that of the British Empire as a whole. The United Kingdom continues to occupy second place among supplying countries, with Rhodesia a good third. According to Mr. Macgregor's report, the production of

copper in the Belgian Congo has been almost doubled since 1922, that of gold shows a large increase during 1924, and while the output of diamonds did not maintain the high figures of 1923 it was, nevertheless, more than twice that of 1922. The production of palm oil, chiefly by the Huileries du Congo Belge, increases steadily. On the other hand, the exports of copal continue to fall steadily, a phenomenon which is reputed to be due to the reluctance of the native to remain immersed in the water of the swamps for the long periods the gathering of it necessitates. The exports of wild rubber also continue to decrease, and, in fact, Mr. Macgregor's report concludes on a note to the effect that it is fairly evident that the future progress of the tropical regions depends on the extension of modern methods of cultivation of the oil-bearing palm and other tropical vegetable products in place of the haphazard collection of wild varieties which has hitherto been the custom. A turning-point in this direction has been reached.

SIR GERALD BELLHOUSE, Chief Inspector of Factories and Workshops, in his report for 1925, issued recently, again draws attention to the regular increase in the number of registered factories and the equally regular decrease in the number of workshops that has been detected in the statistics of recent years. Factories in 1925 numbered 144,361, as compared with 142,494 in 1924, and workshops declined during the same period from 133,729 to 128,793. Commenting upon the hours of work, Sir Gerald Bellhouse says that the 48-hour week appears to be almost universal, and factories in which the 60-hour week is still worked are becoming rare. Concerning the system of working a five-day week, which has been introduced in a number of factories, the Chief Inspector remarks that it is not yet possible to foretell whether it will become a permanent and general institution. That increase in output has resulted from its introduction is not yet claimed, but, on the other hand, there does not appear to be any evidence that output has been diminished. Where the system has been adopted it has been found that both managers and workers are unanimously in favour of its retention. The report contains much interesting information upon the general condition of industry throughout the year; certain trades were found to be consistently busy, while others, and more particularly the textile industry, potteries, the iron and steel industries, suffered from acute depression. Towards the end of the year, however, a more hopeful feeling was noticeable. Of interest also are the remarks contained in the report upon the effect of fashion on industry; exceptional activity was detectable in several quarters, on the one hand in the artificial silk trade, the hosiery trade, felt-hat making for women's wear, and in a section of the boot industry, while, on the other hand, there was a marked decrease in the demand for hairpins, buttons, hooks and eyes. Such vagaries have a lesson and interest of their own, and make fashion less trivial than at first sight it appears.

DURING the last week or two a number of well-informed and well-written articles have appeared in the Press upon the Ireland of to-day. In most of them, the people of the Free State and of Northern Ireland are depicted as manifesting a deeper interest and concern with economic questions than with the religious and purely political question. The truth is that so vital a group of interests as those labelled "economic" have never been completely stifled in Ireland but side-tracked, and over-shadowed by other and more dramatic events. It was left for a period of comparative tranquillity to cause a reaction and to bring about a consciousness of this unnatural suppression, and the newly-displayed interest in economic affairs, detected by most of the writers of the day upon Ireland, is but evidence of a return to normality in the course of the nation's efforts and aspirations. There are signs that assistance is at

hand to help in the work of economic reorganisation. For instance, no difficulty was experienced in re-financing an enterprise in Drogheda, established on the eve of the war, to engage in the export meat trade. From another point of view, the Shannon scheme represents a fine attempt to provide cheap electric power for industry in a country without coal. Nevertheless, from whatever angle Ireland's economic position is regarded the country's lack of capital looms as a formidable obstacle in the way of reorganisation. The last year or two have witnessed diminished deposit with banks, and there can be but little doubt that Irish capital is finding its way into British rather than Irish industry. The latter fact is being experienced at the present time in most agricultural pursuits, and gives cause for serious anxiety. It will be felt still more acutely should the Shannon scheme develop, as there is every reason to believe it will develop, successfully. The problem then, as a writer in the *Times* recently pointed out, will be to obtain sufficient demand for the enormous volume of power available. Railways, municipal lighting, and existing industries will, no doubt, absorb a large amount, but for its full utilisation the creation of new forms and new centres of industry will become essential. The opportunities, undoubtedly, will be manifold and great, although it is fairly certain that they will run the risk of being missed altogether if they are forced to rely upon the aid of Irish capital alone. Indeed, not only the potentialities to be released on the completion of the Shannon scheme, but the new temper gaining ground in the Ireland of to-day as well, invite the close co-operation of other resources. A few months since the *Irish Trade Journal* contained a lucidly written article upon Investment Trusts, and, in it, stressed their uses in national development. In this connection it was of interest to note in the Press last Wednesday an announcement of the formation of the *London Irish Trust Limited*. One of its objects will be to have the "care of the financial interests in London of a number of leading Irishmen throughout the world." The moment is ripe for such an institution, and its management is in good hands. There is no reason why it should not ultimately function, to use the words of the *Irish Trade Journal*, "as an instrument of progress directing the flow of capital into those industries which it is considered advisable to develop."

The fourth volume * of the Guide to Current Official Statistics, prepared by the Permanent Consultative Committee on Official Statistics, published recently, continues the series of annual surveys of the statistics contained in Government publications, and deals with all those issued in 1925 and with a selection of those issued during the present year. It should be pointed out that the second volume of this series included an Appendix which covered all the more important publications issued since 1900. The aim of these Guides is not only to place an inquirer in touch with publications bearing generally on his subject—usually the sole function of the ordinary type of subject index—but, more particularly, to inform him which, if any, of these volumes contain statistical information analysed in the manner he desires. These ends are secured by a systematically planned Subject Index from which references are made by means of serial numbers to the various volumes included in a list of publications. The introduction to the Guide, lucidly and ably written by Mr. F. A. A. Menzler, the Secretary to the Committee, explains, with suitable examples, the method of using it, whilst the novel system of cross-references it describes ensures that the whole of the published material on any given subject can be traced with certainty, often, as most of us have found, a matter of considerable difficulty with the usual form of index. Thus, for example, a student of the problem of the day—coal—can, in a few minutes, be made aware of all the officially published statistics bearing on the industry.

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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.)

THE ECONOMIC CRISIS IN GERMANY.

By DR. H. GOEZ, Berlin.

During the last eight months the economic situation in Germany has been passing through a period of depression. Opinions as to the development of the turn events have taken during the last few weeks vary considerably. In some quarters it is believed that low-watermark has already been reached, and that henceforward the economic curve will follow an upward trend; in others it is thought that the economic decline of Germany is bound to continue, although slight variations in an upward direction are not impossible. In view of these two conflicting opinions it is not easy to arrive at a correct prognosis.

Those who prophesy that the economic crisis will soon be overcome point, in the first place, to the extensive production of the country, which, they think, warrants the drawing of optimistic conclusions. For example, the working-day supply of goods waggons (coal trucks excepted) rose from 62,400 in January to about 81,000 in the middle of June. This brings the number of waggons in constant use up to approximately the same figure as that corresponding to the same period last year, before there was any question of an economic crisis. The quantity of goods forwarded has also increased. In January last the German railways carried 24.81 million tons of goods, which is now increased to about 30 million tons. Compared with 1913, however, the traffic returns show a falling-off of between 10 and 15 per cent. The optimists further adduce the favourable result shown by the index figures published by the Institute for Economic Research ("Institut für Konjunktur-Forschung"), which include the production of the more important industrial raw materials, and which have risen since January from 86.7 to about 90 (1913=100). The production of pig iron has also increased, the monthly average for the first quarter 1926 being 679,000 tons only, as against 736,000 tons in May. The production of raw steel, which in the first quarter of 1926 showed an average of 852,000 tons, rose in May to 901,000 tons. The German coal industry has experienced a certain revival on account of the strike movement in England. In the Rhenish-Westphalian district the daily output of coal, in 100,000 tons, was:—

331 in January 1926	318 in April 1926
330 ,, February ,,	347 ,, May ,,
315 ,, March ,,	356 ,, June ,,

Since May 1 the stocks in the dumps of the Syndicate in the Ruhr district have decreased by about 2 million tons. On the other hand, the production of coke shows a retrograde tendency. While the coal consumption per head of the population was 196.67 kilos in 1913, and 183.34 kilos in 1925, the corresponding figure for last April sank to 150.13 kilos, and to 148.42 kilos in May. Although this decline may in some measure be attributed to the introduction of improvements in heat distribution, such an explanation cannot account for the decrease of 20 per cent. in fuel consumption so far recorded in the current year. The cause of this falling-off is rather to be sought in the stoppage of a large number of the producing plants as a corollary of the decrease in industrial consumption.

In order properly to appreciate the present economic situation it is essential to ascertain whether the consumption capacity of the mass of the population is increasing or decreasing. The optimists point out that the turnover of the Co-operative Societies per head of the members rose from 3.88 marks as a weekly average for the first quarter 1925 to 4.78 marks in the first quarter of this year. The consumption of foodstuffs is

also stated now to be approaching the pre-war level after a preliminary falling-off. In considering these figures, however, it must not be forgotten that the German Co-operative Societies have developed considerably during the last few months, and now partly cover the demand hitherto satisfied by the retail trade. The consumption capacity has not, therefore, increased to the degree indicated by these figures.

In the meantime the economic re-organisation of German industry has made great progress, and is exercising a noticeable and favourable effect upon production. Thanks to this re-organisation industry has once again been enabled partly to work on a profitable basis. According to a statement drawn up by the Diskonto Gesellschaft, the average interest paid on the share capital of 641 companies increased from 4.1 per cent. in the financial year before last to 5.4 per cent. in the last financial year. In this connection, however, it must be borne in mind that the average pre-war rate of interest was 9.8 per cent.

The movement of prices can also be considered satisfactory. According to the Index published by the *Frankfurter Zeitung*, the prices of final industrial products fell from 142.36 at the end of November 1925 to 131 at the end of May 1926 (July 1914=100). This decrease has taken place more rapidly during the last few months than in the earlier stages of the period. There are grounds for hope that this reduction in prices will give a fresh impulse to sales, such as that which has already been noticed in the German Motor Vehicle industry.

Summing up the situation as a whole, it may be said of German production that the endeavour to keep stocks as low as possible and only to buy in cases of absolute necessity is keeping production at a comparatively low figure, but that the existing demand is genuine and not speculative, and that at any rate the period of maximum holding-back of orders has been passed. It cannot, however, be expected that production will shortly attain the level of former times, because the consumption capacity of industry and agriculture is not yet very great, and because at the present time German concerns only order such material as can be paid for with certainty, and the sale of which is assured.

A characteristic feature of the money market is the large issue of loans at a fixed rate of interest, which partly provide the necessary liquid funds for industry and partly flow into the coffers of the Public Services. In June last home loans to the extent of about 99 million Reichmarks were issued, and approximately 345 million Rentenmarks were received in respect of foreign credits. Owing to this influence the rates for mortgage bonds are weak and dealings in them inconsiderable. It was in general found possible to maintain the rates of the mortgage banks at a steady level, but this was not so in the case of the agricultural banks. The agricultural mortgage bonds are quoted at about 3 per cent. less than those of the mortgage banks, as obviously the agricultural demand for credit, which is still heavy, has led to relatively large offers of agricultural mortgage bonds. During the first six months of the current year 402.5 million marks worth of mortgage bonds were admitted on the Berlin Stock Exchange. This strong current of securities bearing a fixed rate of interest has had no effect upon the fluidity of the money market, which remains unaltered, because the credits flowing in from abroad exercised a compensatory influence. The fluidity of the money market will continue, as money at short call is being largely offered abroad. A tightness in the money market would only occur if the German

industries were to purchase and import foreign raw material with the aid of foreign credits.

Such a development is, however, unlikely, as, owing to the measure adopted for re-organisation, the home stocks of raw material will first be used. In any case an increase in the imports of raw material is improbable, as at present there are no signs of animation in the home industrial situation, and any appreciable increase of sales abroad is not to be expected. These two reasons go to show that the present state of depression is likely to continue into the second half of the year.

The difficulties in the way of business have of late been partly overcome. While in the first three months of 1926 an average of 1,987 petitions in bankruptcy were filed, this figure sank in June to 913. While in the first quarter of this year a monthly average of 22,793 bills were protested, the average number for May last was only 8,790. It must, however, be forgotten that the number of firms in post-war Germany is considerably greater than that of pre-war days. At present, for example, there exist three times as many "Aktien-Gesellschaften," or Joint Stock Companies, as before the war. The number of firms registered in Berlin is almost twice that of 1913. In spite, therefore, of the depression which has now been reigning for nigh on 8 months, the pre-war level as regards the number of undertakings has not yet been reached. This fact points to a continuance of the cutting-down process.

The position of the labour market remains unsatisfactory, a fact continually pointed out by the pessimists. There are still nearly two million unemployed in Germany, and this at a time when otherwise the agricultural seasonal demand is wont to relieve the labour market. In the same way as England and other European countries Germany is also preparing for a protracted period of unemployment. This is of the greatest financial importance, in the first place owing to the direct expenditure on relief, and secondly, owing to the fact that the two million unemployed, if working, would be capable of producing between 4 and 5 million marks worth of goods, goods which are not now being produced.

The direct and indirect burdens imposed by unemployment are greater than the gravamen placed on Germany by the Dawes plan, and represent a grave danger to German finance.

The position of the international market has not undergone any improvement likely to benefit Germany. There are many signs which indicate an aggravation of the international economic crisis. For example, recent developments in Italy and Czechoslovakia show certain indications of a change for the worse. England is still suffering from the effects of the general strike and the coal dispute, and Russia has had to cut down her import programme by 30 per cent. The American iron industry, however, remained stationary during the first quarter of the year, the figure being 600 millions of marks. The consequences for Germany of this unfavourable situation of the world market are that the balance of trade has not proved so favourable as was expected at the outset of the year. From a purely superficial aspect it would appear, however, that during the first three months of 1926 the average monthly exports were 813 million marks as against 681 millions in the corresponding period of the preceding year. On examining these figures more closely it will be seen, however, that this favourable aspect is to be attributed to the exceptionally good results for the month of March. Since March imports have shown a downward tendency. An important point is that there has been a considerable decrease in imports of raw materials and half-finished goods. The imports have fallen, both in value and quantity, to a considerably greater extent than exports. This means that the balance of trade must automatically become worse as soon as the home stocks of raw material are used up and it becomes necessary to import a greater quantity of such material.

In forming an opinion as to the German economic crisis it must not be forgotten that the real causes of

depression are of a non-economic nature, and can eventually only be overcome by political means. Any real improvement in the European economic situation, and, consequently, in German industry, pre-supposes a revision of the Dawes plan and the re-organisation of European Customs boundaries. A further condition is that Germany should be granted equal rights with other States in regard to armament. The German metallurgical and dye trades were the first to draw conclusions from this view of European collaboration. Thus, the International Iron Trust, which is endeavouring to weld together that which the Versailles Peace Treaty has torn asunder, i.e. the European cohesion of the West-European mining districts and the Ruhr coal fields, has already overcome the Customs boundaries.

The problem of an Anglo-German coal convention has recently come to the fore. Such a measure, if adopted, would carry us a long way towards the goal of European industrial co-operation. In this field of international co-operation lies also for Germany the ultimate possibility of overcoming the world economic crisis, and also, therefore, her own.

OUTLOOK FOR WORLD WHEAT SUPPLIES.

The world price of wheat during the coming season will depend to an unusual degree upon the outturn of the Canadian crop. In a review of the outlook for world wheat supplies appearing in the August number of *Commerce Monthly*, the National Bank of Commerce in New York points out that unless that crop is a generous one, another season of close balance between supply and demand is in view, at least until the fate of crops in the Southern Hemisphere is known.

As the current season draws toward its close, supplies of old-crop wheat appear everywhere to be low, so that little in the way of carry-over can be counted upon to augment the new crop. Comparatively little additional wheat can be expected to come forward from the Southern Hemisphere until the next crops are harvested at the beginning of 1927.

Reports of damage to the new crop have come from various parts of Europe eliminating the hope of an outturn equal to last year, but unless unfavourable weather persists there is reason to expect a fair average crop. Nevertheless, some increase in imports may be looked for.

On the export side, the July 1 estimate gives the United States a total crop about 100 million bushels greater than last year. This increase will just about offset the probable decrease in the crop of western Europe, as indicated by condition reports so far. The Indian crop, harvested in May, yielded practically the same total as last year, so that no substantial contribution toward the world supplies can be expected from that source. With the exception of problematical supplies from Russia, Canada is the only other important source of wheat imports until the crops of the Southern Hemisphere become available in the early part of 1927.

Canadian acreage shows an increase of 2 per cent., or 519,000 acres, over last year. On the basis of the official condition report on June 30, the indicated outturn with average weather to harvest is 349 million bushels. The final outturn, however, may be much better or much worse, depending on the weather.

The advantage of an early start for this year's crop was nullified by too cool weather late in the spring. So far rainfall has occurred opportunely, and while some sections report the need for more moisture, drought damage does not appear to be widespread. With little reserve of subsoil moisture, however, it is dependent for a good yield upon a continuance of adequate rainfall.

If the 1926 crop of Western Europe should amount to 800 million bushels, import requirements might be estimated roughly at 480 to 490 million bushels. To provide for this trade and allow 200 million bushels additional to cover shipments to non-European countries,

exports from chief surplus-producing countries during the 1926-27 season should be 680 to 700 million bushels. It is yet too early to know anything definite of prospects in the Southern Hemisphere, but, on the basis of experience, without abnormal damage some 230 million bushels might be counted upon from Argentina and Australia together. That would leave 450 to 470 million bushels to be supplied by Canada, India and the United States.

The July 1 estimate of 767 million bushels for the United States crop was about in line with trade expectations. A crop of that size should allow exports of 150 million bushels without any additions to stocks or carry-over. Not more than 10 million bushels can be counted upon from India, on the basis of a crop equal to last year's. This would leave 290 to 310 million bushels to be supplied by Canada.

Should the Canadian crop turn out as well as it appears to have done last year, especially with somewhat larger acreage sown, this amount could readily be supplied. On the other hand, a very small decrease in average yield per acre, a very limited amount of heat or rust damage, could well bring the exportable surplus below that figure.

ECONOMIC SURVEY OF GREECE IN 1925.

(Continued.)

INDIVIDUAL INDUSTRIES.*

Silk.—Silkworm breeding and silk weaving have been very largely developed, if not altogether transplanted like carpet making, by the transfer to Greece of the Greek population of Asia Minor since 1922, and it is expected that these branches will contribute largely to the output of Greek industry. The production of silkworm eggs rose from 143,682 boxes (of 25 grammes each) in 1923 to 241,892 boxes in 1924, of which 168,442 boxes were produced by the refugees from Asia Minor. This output was distributed among the various parts of Greece as follows: Western Thrace, 48,267; Macedonia, 93,120; Thessaly, 70,105; Euboea, 22,326; and Crete, 8,074.

The average price per box was Dr.50, which gives an aggregate value of Dr.12 mill. Of this yield 145,231 boxes were exported to the Caucasus, Syria and Persia, as against 77,000 in 1923, at an average price of 3s. 6d. per box, which trade brought £25,415 sterling into the country in 1924.

This export, however, might easily have been increased in proportion to production had the Greek eggs by arrangement with France and Italy enjoyed the same facilities of import into those countries, their dependencies and protectorates as Greece accorded to the import of the French and Italian products without any *quid pro quo*, and had most favoured nation terms been concurrently obtained for the import of Greek eggs into the Balkan States, Russia and Persia. It is worthy of note that the Greek production of eggs exceeded that of Bulgaria, which only produced during the year 33,395 boxes of 30 grammes, an amount insufficient for that country's consumption.

The output of cocoons was 3.2 million kg. in 1925, as against 2.6 million in 1924. The 1925 output would have been even greater had the cultivators not been compelled in certain areas to sacrifice part of their silkworms through shortage of mulberry leaves. Bulgaria's output of cocoons during the same year was 1.7 million kg., nearly a million less than that of Greece, while that of Turkey was 1.3 million kg. as against the annual pre-war average of 7 million.

The output of cocoons would also have been greater, apart from the shortage of mulberry leaves, had proper care been taken in their drying, which in many districts is done by the sun or in bread ovens to the detriment of lustre and colour of the silk, thus reducing the com-

mercial value of the cocoons by about Dr.10 per kg. Since, according to the statistical survey, the export of cocoons was 3,186,000 kg., it will be seen that this ignorance has cost the country three million drachmas. In Bulgaria, Turkey, Persia, and all civilised countries cocoons are dried by steam in special kilns, very economically and rapidly and without any injury at all.

The value of the cocoon output may be estimated at Dr.149.3 mill. for the year. Of the 2.6 mill. kg. of cocoons produced, the home industry took 350,000 kg., producing therefrom 87,000 kg. of spun silk as against 75,000 in 1924. Since the export of silk for the year amounted to 25,000 kg., leaving 62,000 kg. to be worked up, and if it is reckoned that the whole amount is converted into fabrics, the total amount of manufactured silk in 1925 will, after allowing for a wastage of 30 per cent., work out at 44,000 kg. as against 34,000 kg. in 1924. The value of this output may be computed at Dr.109.5 mill.

Other textiles.—During the year 8 cotton companies were founded with an aggregate capital in cash of 42.8 million drachmas, as against 4 companies with 12 million drachmas in 1924. The output of yarn was 1,400,000 bales of the value of Dr.335 mill., as against 1,350,000 bales of the value of Dr.324 mill. in 1924. The output of cotton fabrics was 16,500,000 ells of the value of Dr.170.2 mill., as against 15,000,000 ells of the value of Dr.150 mill. in 1924. Prices for raw cotton varied from 38 to 48 drachmas per oka (2.8 lb.). Prices for native cotton yarns fluctuated between Dr.250 and 300, rather higher than those for 1924, which ran from Dr.235 to 280. Prices for fabrics remained unchanged at about Dr.10 to 12 per ell.

The production of the cotton plantations in Greece in 1924 was 9,630,000 kg. of cotton in the husk, yielding 3,210,000 kg. of raw cotton. In order to supply the needs of the home factories 1,753,000 kg. of the value of Dr.61.7 mill. were imported, but in 1925 the cotton harvest was increased by means of refugee cotton and yielded 12 million kg. of cotton in the husk, or 4 million kg. of raw cotton.

During the year the output of woollen goods showed appreciable progress, due largely to the growth of carpet making, owing to which the cloth mills increased their premises, using for the yarns home-grown wool of inferior qualities, whereas for the manufacture of cloth fabrics they used superior imported wool. Thus during the year there were at work 6 purely weaving mills, employing 555 h.p., 322 looms and 920 hands, and using about 400 tons of foreign yarns. In addition there were 5 much larger combined spinning and weaving mills, employing 1,060 h.p., 313 looms, 12,200 spindles and 1,129 hands, and using 1,500 tons of wool and 150 tons of foreign yarns. Finally, there were 8 purely spinning mills, employing 400 h.p., 3,240 spindles and 230 hands, and consuming 1,000 tons of wool. Thus the total number of textile factories of all classes was 19, working with 2,015 h.p., 637 looms and 15,440 spindles, employing 2,270 hands, and consuming 2,500 tons of wool and 550 tons of foreign yarns.

It is difficult to estimate the national production of wool, but on the basis of the 5,643,344 sheep existing in 1923 the annual output of unwashed wool may be estimated at 5,000 tons, and taking into account that the loss in weight of washed wool is about 40 to 50 per cent. the total output of washed wool may be computed at 2,500 to 3,000 tons, of which 500 tons are black wool unsuitable for the mills. The quality moreover of a great part of the white wool is also unsuitable, so that it is necessary to import about 700 tons of choice foreign wool and 700 tons of woollen yarns.

The output of cloth fabrics for men and women during the year was 2,200,000 metres of a value of 200 million drachmas, as against 1,300,000 metres and 104 million drachmas in 1924.

The value of knitted goods produced may be roughly estimated at 50 million drachmas, as against 34 million in 1924. The increase in the output of cloth may be attri-

* From the Report of the General Bank of Greece.

buted to the rise in the foreign exchange, protective tariffs, and the consumption of cloth by the Government.

The output of *hemp* and *jute* fabrics occupied 5 works, which employed 1,600 h.p. and 950 hands, and produced sacks to the value of Dr.22.5 mill. and rope and string to the value of Dr.39.1 mill., or Dr.61.6 mill. in all as against Dr.51.7 mill. in 1924.

Engineering.—The output of engineering was of the value of Dr.202 mill., as against Dr.219 mill. in 1924. The products of this industry in addition to repairs comprised: bolts, 4,500 tons (2,500 in 1924), value Dr.27 mill.; scales, 1,100, value Dr.2.4 mill.; safes, 250, value Dr.1,125,000; bedsteads, 45,000 (15,000 in 1924), value Dr.20 mill.; agricultural implements, especially ploughs, 30,000, value Dr.7 mill.; and brassware, value Dr.25 mill.

Electricity.—The oldest electricity stations in the country are that of Salonika, founded in 1889, and the Electricity Company's station at New Phaleros, established three years later. In 1925 there were 73 power stations in the country with a total force of 33,769 h.p., of which 16,182 h.p. were run by steam engines, 9,987 by oil engines, 2,679 by gas engines, and 4,921 by water power. Statistics of production are only obtainable in the case of 38 works, which produce 36,727,000 kilowatt-hours. Of this current 26 million kilowatt-hours were produced by the Electricity Company's works, 6,600 in Salonika, 580,000 in Volo, and 500,000 in Edessa.

An important scheme for the lighting and power supply of Athens, the Piraeus and Perichoros has been undertaken under a contract between the Government and The Power and Traction Finance Company, Ltd., ratified in October 1925, which grants to the company until 1985 the sole concession for the production and distribution of electric current, the installation and working of tramways up to 20 kilometres round Athens, and of the railways Athens-Aphisia and Athens-Piraeus, by the establishment within two and a half years of a central power station of a power of 45,000 kilowatts. During the year electric lighting stations were established at Egina, Alexandropolis, Coropi and Naxos.

Building.—The building trades were very prosperous during the year. The housing problem, not only for some 200,000 homeless refugees but also for the rural and provincial populations which are thronging into the towns, has lost some of its original acuteness, but is still far from solution. During the year 1,950 building licences for dwellings were issued as against 1,890 in 1924, and of these 1,350 were in respect of one-storeyed buildings as against 1,200 in 1924. Storeys were added to 1,100 houses, as against 770 in 1924.

As compared with 1924 the output of building materials increased considerably, of which the chief were lime 2.5 mill. cwts., value Dr.50 mill.; bricks, 165 million, value Dr.82.5 mill.; tiles, 33 million, value Dr.46.2 mill.; cement blocks, 550,000 sq. metres, value Dr.27.5 mill., the total value of these materials being Dr.206 mill. as against Dr.174 mill. in 1924. Cement, the chief material used in house-building and also extensively employed in road-making, was produced to the extent of 60,000 tons, value Dr.57 mill., as against 55,000 tons in 1924, and in addition during the first six months of the year alone 34,460 tons were imported of the value of Dr.28 mill. as against 18,545 tons of the value of Dr.14.8 mill. for the whole of 1924. Two large cement works are in course of construction at Volo.

Attar of Roses.—This famous old Turkish industry, now a monopoly of Bulgaria, may be said both literally and figuratively to have been transplanted into Greece, as Greek experts have been sent to Bulgaria to study conditions of distillation and to purchase and despatch to Greece suitable rose-trees, an operation which has already caused an outcry in the Bulgarian Press.

Like carpet making and silkworm breeding, this industry has been mainly introduced into Greece by refugees of Greek nationality, in this case from Bulgaria.

According to the latest information, the quality of the Greek product is quite equal if not superior to that of Bulgaria, and the cultivation of rose-trees is being continually extended, especially in Macedonia.

Industrial Output.—The following figures showing the value of home production as compared with that of imports and exports for 1924 are taken from the Report of the Ministry of National Economy (in millions of drachmas):—

Value of Output	...	...	...	6,370
„ Export	...	...	...	420
„ Import	...	...	...	3,204

It will thus be seen that the ratio of exports to production is as 1 : 15, that of imports to production as 1 : 2, and that of exports to imports as 1 : 8. If, however, we omit from industrial production the value of wine and olive oil, which are purely agricultural, we get Dr.3,836 mill. as the value of industrial production, making the ratio of export to production as 1 : 9, that of import to production as 1 : 1.20, and that of export to import as 1 : 8.

MINING.

In the following table, showing the extraction of minerals during 1924 and 1925, the figures for the former are actual, while the latter are estimated, the Mining Board being unable to give exact figures owing to delay on the part of the mineowners in supplying information.

	1924.		1925.	
	Tons.	Drachmas.	Tons.	Drachmas.
Iron ...	102,221	7,973,238	95,000	7,410,000
Chromium ...	15,061	9,277,576	12,500	7,800,000
Zinc ...	4,188	4,016,292	3,800	3,344,000
Plumbago ...	70,921	9,716,177	68,400	9,370,800
Magnesite ...	50,858	7,429,648	46,500	6,789,000
„	1,142	1,255,200	1,100	1,210,000
Iron pyrites ...	76,262	11,439,300	75,200	10,880,000
Emery ...	23,000	39,652,000	20,000	34,480,000
Lead ...	5,106	48,358,926	5,000	47,355,000
Arsenic ...	1,096	11,727,200	1,100	11,770,000
Lignite ...	131,109	22,288,530	120,000	20,400,000
Total ...	480,994	173,135,087	448,600	160,808,800

It will be seen that the estimated output of 1925 was about 10 per cent. lower than the actual output of 1924. During 1924 159,635 tons of minerals of the value of Dr.122.5 mill. (£500,000) were exported, to which emery contributed Dr.28.8 mill., lead ore Dr.46.4 mill., and magnesite Dr.22.3 mill. The export for 1925 cannot yet be estimated even approximately.

In addition to the minerals mentioned above, Greece also possesses nickel, the extraction of which from the mines of Locris and Euboea fluctuated during the period 1911 to 1918 between 6,724 tons and 20,577 tons with an annual average of 12,300 tons, the output for 1918 being the lowest up to date. The revival of work in the above mines will be facilitated by the agreement concluded between the Greek Government and the Middle East Development Corporation Limited, of London, whereby the latter undertakes to establish in Greece within a year and a half nickel works of the productive capacity of 500,000 tons a year, to spend on such works a minimum of £200,000 sterling, and to float for this purpose a joint stock company which shall pay to the Government £2,000 per annum from the sixth year from April last, to be increased to £3,000 per annum from the eleventh year.

The most disquieting sign of the stagnation of Greek mining is the decline of the output of lignite from 213,488 tons in 1918 to 120,000 tons in 1925. Greece alone of all the Balkan States shows a declining output of fuel, especially if considered in proportion to the population. Rumania with a population of seventeen millions is continually increasing her output, which last year reached 2.5 million tons as compared with the annual pre-war average of 250,000 tons, and only imported 178,000 tons of coal; Yugo-Slavia, with a population of twelve millions, extracted 4,000 tons in 1923 and imported 215,000 tons; Bulgaria, with a population of five millions, extracted 1,214,840 tons of lignite in

1924 as against 1,075,418 tons in 1923, and so far from importing coal, exported lignite to Yugo-Slavia, and is endeavouring by means of direct railway connection to export it to Greece, although the Bulgarian lignite is in no way superior to the Greek.

Greece produces the least amount of fuel of any European country, and her output is one-tenth of that of Bulgaria, although, owing to the growth of her industries and the reconstruction of her merchant fleet, her fuel consumption is increasing. According to the official returns Greece imported 358,614 tons of coal, chiefly from Great Britain, during the first seven months of 1925, being in the proportion of 614,767 tons for the whole year as against 461,215 tons for 1924. This estimate harmonises with the monthly returns for the import of coal into the Piraeus, which varied between 51,000 and 55,000 tons, except in April, when it was 35,000. This import of coal represents a value of £1,070,000 sterling for the year, being several times the value of Greek exports of minerals and metallurgical products.

The output of salt during the year amounted to 77,713,080 kg., exceeding the output of 1924 and 1923 by 2,713,000 kg. and 7,713,000 kg. respectively. Of this output 59 per cent. comes from pre-war Greece and 41 per cent. from the newly acquired territory. There was no export of salt during the year, although the price rose from Dr.105 in 1924 to Dr.165 per ton, while the cost of production remained the same. Home consumption amounted to 65 million kg. as against 60 million kg. in 1924.

COMPANY FLOTATION.

Consideration of the industrial condition of the country would not be complete without reference to the flotation of industrial companies, which for 1925 seems to confirm the account of the industrial progress recorded in the Report of the Chamber of Commerce of Athens as reproduced in a preceding article. In spite of the instability of the currency in 1925 and of certain difficulties in connection with the settlement of the refugees, there was a more marked tendency during the year than in 1924 towards industrial association and thrift. Especially should be noted the disposition to found joint stock companies and to increase the capital of those in existence.

During the year some 81 joint stock companies were founded as against 47 in 1924, with an aggregate capital of Dr.451,752,100 and £367,600, of which Dr.283,020,386 and £220,314 (equivalent in all to Dr.351,758,854 drachmas) was subscribed in cash and the balance in real and personal property. The amount of ready capital subscribed in all in 1924 was Dr.173,325,226, or little more than one-third of the amount subscribed in 1925.

A classification of the new companies according to industries shows them to have been distributed as follows, with the respective amounts of the paid up capital given in brackets in millions of drachmas : banks, 6 (45.5); commercial, 11 (41.6); motor transport, 9 (24.4); shipping, 6 (5.7); agricultural, 3 (4); food production, 7 (23.8); building, 11 (38.3); engineering, 1 (60); textiles, 8 (42.8); carpet making, 1 (4.4); metallurgy, 1 (1); forestry, 1 (1.1); street paving, 1 (3.6); chemical, 4 (10.7); medicinal products, 3 (5); paper, 2 (0.5); electricity, 3 (29); hatmaking, 1 (5.6); and footwear, 2 (4.3).

The share capital of existing companies was increased by Dr.260 mill., £110,000 and Fr.13.3 mill., equivalent in all to Dr.334.9 mill. as against an increase of Dr.81.9 mill. by 22 companies in 1924. The chief capital increases were as follows : 14 banks, by Dr.130.3 mill. ; 3 commercial undertakings, by Dr.9 mill. ; 1 insurance, by Dr.1 mill. ; 1 shipping, by Dr.3.3 mill. ; 1 metallurgy, by Dr.5 mill. ; 2 engineering, by Dr.7 mill. ; 3 food production, by Dr.10 mill. ; 6 building, by Dr.12 mill. and £20,000 ; 1 woodworking, by Dr.0.6 mill. ; 4 textiles, by Dr.12 mill. and £90,000 ; 2 chemical, by Dr.11 mill. ;

2 medicinal drugs, by Dr.2.7 mill. ; 4 wine and spirit, by Dr.21.5 mill. ; 3 paper mills, by Dr.25 mill. ; and 2 street paving, by Dr.6 mill. The total result gives an average increase for each of the 52 companies of Dr.6.4 mill., as against Dr.3.7 mill. for each of the 22 companies in 1924.

The triple increase of the capital of new companies and the quadruple increase of fresh capital raised by existing companies in 1925 as compared with 1924 is due partly to the progress of trade, industry and general business in the country, but in a still greater degree to the depreciation of the currency, the increase of import duties, and the tightness of money, which caused private undertakings to raise capital by conversion into joint stock companies and existing companies to increase their capital.

One must not therefore judge the general economic conditions of the country too favourably on account of the above-mentioned circumstances, since agriculture and stock-breeding show not only a lack of progress, but even a retrograde tendency, shipping is affected by the universal shipping crisis, and foreign trade shows from year to year in increased imports a substantially growing debit balance.

On the contrary the heavy increase of capital, especially at a time of shortage of money, may be deemed to be a symptom of growing debility. In such circumstances the increase of capital is but a makeshift remedy, which, while averting immediate distress, contains the germs of a future crisis. For this reason a short time since the raising of capital by joint stock companies was prohibited in Italy except by the authorisation of a special committee of experts after investigation of the circumstances of the case and the affairs of the applicant company.

The financial position and natural development of the companies is severely hampered by the taxation measures in force in 1925, which hit all the companies hard, including those founded in that year, first by the net profit tax of 14.4 per cent., secondly by the provisional turnover tax for 1925, 1926 and 1927, amounting to 20 per cent. in the case of companies whose returns are derived as to half at least from banking business and to 6 per cent. in the case of other companies. In addition to the above taxes, companies pay a tax of 0.25 per cent. on the transfer of shares, and certain special taxes are imposed upon insurance, agricultural, and mining companies.

FOREIGN TRADE.

The foreign trade returns for 1924 and 1925 divided into quarters are shown below (in millions of drachmas) :—

Quarter.	Imports.		Exports.		Deficit.	
	1924.	1925.	1924.	1925.	1924.	1925.
First ...	1,472.5	2,529.5	750.8	981.0	721.7	1,548.5
Second ...	1,445.1	2,543.5	763.5	894.6	681.6	1,648.9
Third ...	2,031.8	2,078.9	691.1	961.1	1,390.6	1,117.8
Fourth ...	2,766.0	2,761.6	1,264.4	1,488.3	1,501.6	1,273.2
Total ...	6,035.3	9,913.8	3,470.0	4,325.0	4,295.6	5,588.7

It will be seen from the above table that the deficit for 1925 exceeds that of the preceding year by 1,293 million drachmas although exports increased by 855 million drachmas. This is due to the depreciation of the drachma from an average of 247 to the pound sterling in 1924 to 312. If we convert the foreign trade figures into sterling at the above average rates, we arrive at the following results :—

	Imports.	Exports.	Deficit.
1924 ...	£31,440,016	£14,048,871	£17,391,145
1925 ...	31,775,064	13,862,404	17,012,660
Difference...	+335,048	-186,467	+521,515

It should be noted that imports do not include articles the subject of Government monopoly, namely mineral oil and matches. According to the official figures the import of these commodities in 1925 was : oil 373,053 cases (327,390 in 1924) of the value of £209,355

sterling; matches 112,173,810 boxes (102,173,810 in 1924), value £75,036 sterling.

By adding these figures to the deficit the latter will be found to have increased from £17,605,690 sterling in 1924 to £18,197,051 sterling in 1925.

The returns of the chief articles of foreign trade are only available for the first half of the year and are reproduced below from the Report of the Chamber of Commerce and Industry of Athens.

<i>Imports.</i>		
Class of goods.	Quantity. Kilogrammes.	Value in millions of drachmas.
Live stock	116,019	128.7
Animal products	24,909,703	156.7
Fishery products	7,392,441	103.5
Agricultural produce	335,338,440	1,657.5
Oil and olives	23,270,830	29.2
Forestry products	127,045,844	194.6
Vegetable dyes	2,377,069	7.9
Minerals	413,001,184	446.2
Chemical and medicinal goods	36,769,629	389.3
Raw hides and bones	457,139	75.6
Furniture and wooden goods	3,419,638	24.7
Confectionery, etc.	28,493,529	188.8
Wine and spirituous liquors	103,732	3.8
Textiles	9,236,548	1,006.0
Hemp, sparto, and felt goods	3,761,598	89.7
Glass	5,898,888	55.6
Wrought metals	23,952,338	283.9
Musical and scientific instruments	191,899	40.2
Paper	7,488,764	60.5
Miscellaneous	3,666,018	194.6

<i>Exports.</i>		
Class of goods.	Quantity. Kilogrammes.	Value in millions of drachmas.
Live stock	23,045	4.8
Animal products	3,434,793	57.9
Fishery products	28,441	2.7
Agricultural produce	52,516,505	1,293.9
Oil and olives	24,487,088	300.8
Forestry products	3,265,338	18.8
Vegetable dyes	2,241,873	2.8
Minerals	132,647,292	55.1
Chemical and medicinal products	1,564,297	11.7
Raw hides and bones	26,983	1.1
Furniture and wooden goods	293,231	1.4
Confectionery, etc.	36,584	.5
Wine and spirituous liquors	22,289,369	87.2
Textiles	928,471	50.1
Hemp, sparto and felt wares	207,269	2.3
Glass	55,465	.2
Metal products	512,383	4.2
Musical and scientific instruments	998	.4
Paper	14,823	.4
Miscellaneous	414,117	2.8

The distribution of trade among the various countries also for the first half of the year is shown below:—

<i>Imports.</i>		
Country.	Quantity. Kilogrammes.	Value in millions of drachmas.
Egypt	15,559,665	110.5
Austria	1,424,235	22.3
Belgium	37,371,676	170.3
Bulgaria	7,759,057	50.1
France	24,146,383	398.2
Germany	36,960,183	351.1
Yugo-Slavia	62,826,145	156.0
Switzerland	1,047,376	34.9
United States	193,472,580	1,143.0
Spain	934,426	10.9
Italy	55,199,358	474.2
Canada	37,786,046	76.0
Netherlands	12,176,043	188.4
Great Britain	386,177,216	768.7
Norway	814,563	7.5
Rumania	106,190,090	275.2
Russia	6,892,031	41.8
Sweden	11,495,599	37.8
Turkey	38,422,500	106.2
Czechoslovakia	21,659,349	155.7
Other Countries	78,544,730	418.3

<i>Exports.</i>		Value in millions of drachmas.
	Quantity. Kilogrammes.	
Egypt	9,712,231	90.8
Austria	348,882	2.2
Belgium	4,941,390	42.6
Bulgaria	1,980,360	26.4
France	21,255,468	115.0
Germany	48,733,204	352.0
Yugo-Slavia	1,630,111	16.1
Switzerland	34,377	.7
United States	21,715,382	574.4
Spain	48,552	1.1
Italy	81,947,156	360.7
Canada	80,032	.7
Low Countries	20,144,918	74.7
Great Britain	24,162,216	148.6
Norway	73,843	1.3
Rumania	2,478,948	16.8
Russia	15,115	.2
Sweden	154,999	4.4
Turkey	2,614,365	38.9
Czechoslovakia	82,126	.2
Other Countries	2,809,165	31.2

After repeated delays the new Customs tariff was introduced at the end of last year, wherein all goods were classified under 24 main heads, subdivided into 293 classes and again into 1,749 distinct dutiable objects. A distinctive feature of the new tariff is that it applies the lowest scale to those countries with which Greece has contracted commercial conventions and the highest to the rest. A comparison of the new tariff with the old, shows that it is extremely protective, as it doubles or trebles the former duties, and in the case of luxury articles increases them five-fold. The price of the gold drachma is fixed at 14 paper drachmas for all goods except live stock, fresh meat, cheese, butter, milk, leguminous vegetables, potatoes, fruit and vegetables, in which case the gold drachma remains at par. Exceptional rates are also fixed for articles of first necessity, such as building materials, fuel, cereals and flour, for which the value of the gold drachma is fixed at 5 to 10 paper drachmas and at 1.50 for coal.

During the year the industrial and commercial sections of the Chambers of Commerce and Industry were legally formed into Boards for the protection of the industrial and commercial classes. By the Act constituting these boards special boards of the same character were founded in Athens, Piraeus, Patras, Valo, Calamata and Salonica.

By special Decree, powers have been accorded for the reform and revision of the mercantile exchange of the Piraeus, especially with regard to the better protection of forward dealings.

The greatest commercial event of the year is the opening of the free zone of Salonica. The importance which Salonica has acquired, especially since its cession to Greece as a centre of trade with and transit to the neighbouring countries owing to its geographical situation, has rendered it necessary to convert it into a free zone, within which, with scarcely any Customs formalities, goods may be stored, prepared and finished by industrial processes and re-exported to any country. The Act creating the free zone had been passed in 1914, but its operation was interrupted by the war; the necessary works had, however, been undertaken as far back as 1913 by an outlay on the part of the Government of 7 million drachmas supplemented by a loan from the National Bank of 10 million drachmas. The free zone includes an area of 30,000 square metres (about 18 square miles), on which have been constructed warehouses covering 20,000 square metres, a complete Decauville railway system, a fire station, and other buildings, and offices. Provision has been made for the further extension of the zone. Considerable business activity already prevails throughout the zone, the warehouses are nearly full, and the erection of new ones is in contemplation. In addition to the chief services which the zone offers to trade should not be forgotten those arising from the concentration of steamers in its port, which will increase its revenues, and also create opportunities for small vessels, especially in the tobacco trade.

(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.]

FINLAND

FINANCE

Financial Development.—In spite of the favourable progress made during recent years, Finland's economic system still feels the effect of the severe shocks sustained before and after the termination of the war. The new unit of currency adopted on the return to the gold standard, effected at the beginning of this year, clearly demonstrates this fact. The new gold mark is approximately worth one-eighth of the old one (one gold mark is equivalent to 7.66 new ones), but the purchasing power of the new mark represents barely one-eleventh of that of the pre-war mark. This new standard of purchasing power has prevailed for at least three years, which means that the price level has remained stable for that length of time. This stability, though partly artificial, is the result of practical measures, and a firm basis is thus provided for business dealings and calculations. Founded on this stability, an equilibrium has gradually been achieved between indebtedness and credit balances and between demand and supply, and this tendency towards an equilibrium is still maintained.

The great shortage of capital which set in immediately after the war as the result of the depreciation of the currency and the curtailment of trade and production has been considerably alleviated, thanks to the consolidation of unfunded foreign indebtedness and the creation of fresh capital. During the last few years the easing of the money market has shown itself in the reduction of rates of interest, while Finland's balance of payments to foreign countries has improved to a marked extent. The Government is easily in a position to provide for ordinary redemptions, which amounted last year to approximately Fmk.70 million. In addition to this the Government redeemed about Fmk.74 million worth of bonds circulating abroad over and above the scheme of redemption. Private credits have also been reduced by means of amortisation, so that they no longer threaten any danger to the position of the currency. The net foreign indebtedness of the joint stock banks has fallen off to an amount which approximately corresponds to normal conditions of trade. Exporters short-term foreign loans have been regulated in a satisfactory manner and the foreign balances of the Bank of Finland are sufficiently large to provide for even the greatest seasonal fluctuations.

Owing to the favourable conditions prevailing during the last few years the revenue of the State has continued to increase and the accounts for several years in succession have shown a considerable surplus. At the end of 1924 the cash reserve of the State had grown to 11,669 million marks. This reserve consisted of about Fmk.360 million in bank deposits, and the remainder in stocks, goods and current accounts in the Bank of Finland. At the end of last year, however, this cash reserve had been reduced by about Fmk.270 million, last year's balance-sheet showing a deficit of that amount. It is thus clear that State expenditure must be checked, as it is generally recognised that taxation cannot be further increased. During the last five years the Government has invested money in the railways and industrial concerns of a productive nature estimated at a total of Fmk.2.5 milliard, while Government loans raised abroad amount to Fmk.1.5 milliard, so that productive investments have been larger than the sums borrowed.

The financial position is thus by no means calculated to cause uneasiness, provided the Diet exercises the necessary care. On the basis of the consolidating processes of the last few years it would appear that there is every reason to expect quiet and steady progress. (*Mercator*, July 30.)

TRADE

Timber Exports in the Half-Year.—Sales of timber in the current year have been on the whole satisfactory. About 50,000 standards were sold during the latter half of July and the total sales figure is estimated to amount to about 690,000 standards by the end of July, or slightly more than at the same time last year. The following table gives the sales figures as at July 31 for this year and the previous one (in standards):—

	1926.	1925.
Great Britain	300,000	310,000
Holland	110,000	94,000
France	69,000	65,000
Germany	58,000	62,000
Belgium	54,000	78,000
Denmark	33,000	42,000
Spain	23,000	—
Other European countries	13,000	29,000
Countries outside Europe	30,000	
Total	690,000	680,000

In spite of the depressed conditions the timber market during the last fortnight of July was fairly active. The chief buyers were England, Holland and Germany, which countries have been purchasing largely of late. On the other hand very little business has been done with France and Belgium. A few contracts have been secured from South Africa and Egypt, while Spain and Denmark have been holding back. The greater part of the business has been done by the smaller exporters who had failed to place their goods earlier in the year. These firms have recently placed considerable lots at prices slightly below those asked by them some time ago, in some cases as much as £1 lower than the tenders of the large shippers. Most foreign firms prefer to buy from the larger sawmills even at higher prices, to opening negotiations with small and unknown firms. These small sales have no influence upon general prices nor do they affect the understanding among the shippers. The smaller sawmills, however, are believed to have disposed of most of their produce, so that the further development of the market is entirely in the hands of the large shippers. A considerable part of the stocks of the latter has already been placed, and as they have adhered to a firm selling policy a good price front has been maintained. The situation may therefore be described as steady, though the present market prices hardly allow of any profit to the exporters.

The situation in the timber market in July of last year was chaotic in the extreme, large and small shippers competing in realising considerable lots at falling prices, while the situation this year is characterised by greater calm. Clearance sales have not been particularly numerous, but it would be preferable if such sales could be completely avoided at this time of year. The strikes which broke out at some of the sawmills some time ago are still going on in some places. It is astonishing that the workmen should make demands for higher wages under the present bad conditions, when the danger of a reduction in production is so serious. No great hindrance to shipping has been caused by the strikes, however, up to the present. (*Mercator*, August 6.)

INDUSTRY

Development of the Cellulose Industry.—It is a matter of common knowledge that the timber industry plays a preponderating part in Finland's export trade. The export value of the products of this industry represents 86 per cent. of the total exports; agriculture represents 11 per cent., so that the remaining exports only constitute 3 per cent. of the total. Sawn timber takes the first place with 45 per cent., while cellulose and paper with 12 per cent. each and shavings with 3 per cent. make up the remainder. The cellulose industry,

with an output of Fmk.700 million in value annually, is the greatest chemical industry of the country, and this branch has developed to an extraordinary extent during the last few years.

During the Congress of Northern Chemists recently held in Helsingfors, the manager of the Central Laboratory Company, Mr. K. Bergmann, gave exhaustive details concerning the Finnish cellulose industry, from which the following information is taken.

The first cellulose factory was established in 1880, south of Tammerfors, at the Walkeakoski paper factory. It was worked on the American "natron" process, which came into use in England in 1860. The sulphite process discovered by the Swede Ekman, the American Tilghmann and the German Mitscherlich was first applied in Finland in 1884, when the Nokia Company west of Tammerfors established a factory on the Kumo river. By 1890 there were four sulphite and one natron cellulose factory producing a total of about 4,000 tons and exporting about 1,500 tons. Three sulphite cellulose factories were added in course of time, and by 1900 the total output had reached 18,400 tons and the export 4,700 tons.

Between 1900 and 1910 no fewer than nine cellulose factories were established, five of which worked according to the sulphite process—the Halla, Kotka, Gutzeit, Loja and Joutseno Works—a strong Scandinavian and particularly Norwegian influence making itself felt both in a financial and technical direction. In 1910 the output had risen to 80,000 tons and the export to 50,000 tons, and in 1913, the last normal year before the war, the seventeen factories then existing exported 77,000 tons of cellulose. With this terminated the period of apprenticeship of the Finnish cellulose industry, during which Scandinavians and Germans played a leading part as technical instructors, for a native generation of technical experts had now grown up. Between 1914 and 1921 the number of sulphite factories increased by seven, including two of the largest, the Enso and the Kemi, and many older factories were transformed or extended. The present number of cellulose factories is 27, including 8 sulphate and 18 sulphite factories.

The world war has placed Finland's paper industry, and particularly her cellulose industry, in an entirely new position. Russia, who only took up this industry during the war, became lost as a market owing to her economic collapse and to her separation from Finland. In 1917 Finland's export dropped to 25,000 tons or one-third of the 1913 export figures. It was a vital necessity for the cellulose industry to discover new markets, and to this end the cellulose producers amalgamated to form a sales company, called the Finnish Cellulose Association. By dint of hard work and close co-operation the crisis was surmounted and markets were found for cellulose in Western Europe and in America, where Finnish goods had been practically unknown. A steady increase in the demand from America gradually brought about quite a boom and the export figures rose rapidly. In 1918, the year of the War of Liberation, only 22,000 tons of cellulose were produced, in 1919 96,000 tons, in 1920 165,000 tons, in 1921 174,000 tons, in 1922 254,000 tons, in 1923 294,000 tons, in 1924 316,000 tons and in 1925 367,000 tons. As the factories use about 22 per cent. of their output themselves, sell 5 per cent. in the country and keep about 8 per cent. in stock, the average export amounts to about 64 per cent. The Finnish Cellulose Association, which includes about 25 factories, has issued the following statistics for 1925 (in tons dry weight):—

	Production.	Export.
Sulphite cellulose ...	302,790	215,542
Sulphate cellulose ...	64,324	56,901

The export figures for 1925 represent 354 per cent. of those for 1913, an increase which in such a short period as eight years constitutes a record in the history of Finnish industry. The other branches of the Finnish timber refining industry have not experienced anything like the same degree of development. Thus the

export of wood goods has increased by 12 per cent., that of paper by 25 per cent., and that of shavings by something over 100 per cent. in comparison with 1913. The fact that the paper industry is so far behind the cellulose industry is chiefly due to lack of capital. New plant for cellulose industries was cheaper to procure than for paper factories, and cellulose proved easier to sell than paper.

Finland has attained third place among cellulose exporting States. Only Sweden, whose export for 1925 amounts to 983,000 tons, and the Canadian Pulp and Paper Association, with an export of 386,000 tons, are ahead of Finland, while the Norwegian Cellulose Association is somewhat behind her with 229,000 tons. Germany and Austria follow with slightly smaller quantities than Norway. The growing paper production of the world is therefore mainly dependent on the export of Northern Europe, for which reason co-operation between the Northern exporters, though presenting great difficulties, is an object which would repay unremitting endeavours to obtain it. (*Revaler Bote*, August 8.)

COMMUNICATIONS

Shipping Statistics for the Half-year.—The official statistics for foreign shipping in Finland during the first half of 1926 plainly reflect the difficult traffic conditions which prevailed last winter and well on into the month of May in consequence of the ice. From January to June 2,146 vessels of a total net register of 1.12 million tons arrived in Finnish ports from abroad, as compared with 2,752 vessels of 1.31 million tons during the same period last year. Outgoing traffic has experienced a similar reduction, the figures for the period January to June being 1,994 vessels of a total net register of 1.01 million tons, as compared with 2,586 vessels of 1.65 million tons in the first half of 1925. All ports having become definitely free of ice in June, shipping has increased very rapidly. The incoming vessels in June numbered 1,136 of a total net register of 603,900 tons, as compared with 1,092 of 512,000 tons in the same month of last year. Marine traffic between Finland and foreign countries for the month of June alone was thus almost as large as the total for the first five months of the year. This fact illustrates the tremendous difficulties for shipping presented by ice in Finland during severe winters, in spite of the strong fleet of ice-breakers now in use.

Passenger traffic between Finland and foreign countries has grown considerably in the first half of 1926, during which period 16,604 travellers left the country and 16,314 arrived from abroad. In the first half of 1925 the combined traffic in both directions was little more than 14,300. The increase this year may be ascribed almost entirely to travellers of Finnish nationality, who now number as many as the foreigners. (*Mercator*, July 30.)

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FRANCE

POLITICAL AND GENERAL

The Economic Progress of Indo-China.—In a very interesting article published on September 4, the *Europe Nouvelle* points out to what a great extent the economic progress of Indo-China is due to improvements realised by capital invested in the colony. In Cochinchina an area of only 1,200,000 hectares has been made available for agriculture (since 1886) by means of constructing canals for irrigation, which at the same time are used as means of local communication. The value of capital thus invested represents 48 millions of piastres, while the value of the ground has increased by about 160 millions of piastres; thus the capital value created by the improvements is more than three times as high as the cost of these improvements*. There are still about 600,000 hectares of uncultivated land in Cochinchina which need a capital investment of some 25 millions of piastres in order to be made available for agriculture.

The question of irrigation is somewhat different in the other parts of Indo-China, Annam and Tonkin. The level of the ground is disproportional and while the higher parts suffer from drought, the lowlands are damaged by floods. An area of 84,000 hectares has already been improved, and the increase in value of this area is estimated at some 300 to 700 piastres per hectare. The 151,000 hectares remaining in these parts need a capital investment of some 12–13 millions of piastres, but it is calculated that the increase in value of the yearly production of these areas will be about 60 per cent. of the invested capital.

The development of communications (railways and roads as well as waterways) helps the export of goods produced in the country. Special importance should be attached to the port of Saïgon and the different ways by which goods are transported to it.

Local statisticians estimate the increase in national revenue of the colony at 700 million piastres from the period 1899–1903 to 1919–1923. Out of this increase 500 millions are to be attributed, it is reported, to the direct or indirect consequences of the various improvements.

The cost of the work still to be done (irrigation, railways, roads, &c.) amounts to about 270 million piastres, but the value of the consequent increase in annual production is estimated at some 200–250 millions.

But the present state of the Indo-Chinese Budget does not permit the execution of so vast a scheme, and perhaps not even of the minimum plan (63 millions). In a speech he recently delivered, M. Varenne, the Governor-General, said that the means of the country would hardly permit anything more being done than to continue the works which are already in course of operation. He therefore condemned the fiscal system of the country which does not permit so rich a country to achieve a work necessary for its development.

It was not difficult to foresee that all these improvements have had a great influence on the economic activity of the country. Rice, which is the principal article of exportation, shows the following figures: Average export in 1880–1890, 100,000 tons; in 1925, 1,400,000 tons. In addition, many rice products of secondary importance are exported. Rice is by far the most important article for Indo-China. The second place is occupied by various kinds of fish and fish products. The third place is occupied by rubber, and the fourth by coal, as is shown by the following figures:—

* The piastre is a little less than 1s. 6d.

Principal Exports during 1925.

	In thousands of tons.	In millions of francs.
Rice and rice products ...	1,520	1,330
Fish and derivative products	40	120
Rubber	8	89
Coal	701	61
Zinc ore	50	36
Maize	57	34
Pepper	4	30
Cotton	3	17
Cement	66	16

The total value of exports is 2,456 millions; rice thus represents over 50 per cent. of the total.

Great progress is also shown by the mining industry. The coal output shows the following development:—

	Tons.		Tons.
1906 ...	315,000	1921 ...	921,000
1910 ...	498,000	1922 ...	989,000
1915 ...	644,000	1923 ...	1,057,000
1920 ...	700,000	1924 ...	1,236,000

The exports of Indo-China are mostly directed to the Far East markets (China, Japan, Singapore, Dutch East Indies, Philippine Islands), but France and the French colonies naturally held an important position in this trade (599 millions in 1925). China represents one of the best markets; her consumption of Indo-Chinese rice is growing from year to year. It is also hoped that as Indo-China becomes more industrial it will find in China a good market for its manufactured goods.

FINANCE

Maturity of Treasury Bonds.—Now that the equilibrium of the Budget has been achieved and a large surplus secured for the purpose of partial debt redemption a very important new problem has to be solved by the Government.

Public attention has of late been drawn principally to the floating debt, i.e. to the public liabilities not exceeding one year. The recently established "Caisse de Gestion" is a body whose task is confined only to this kind of debt. But it should be noted that the extensive inflation of 1925 is mostly due not to the repayment of the National Defence Bills, but to that of the Treasury Bonds of the various descriptions (3, 5, 6 and 10 years) which matured in that period. The total amount of such Bonds repaid in 1925 reached 8 milliards of francs, a figure which is nearly equal to that of the advances the Bank of France made to the Government during this year.

It will, therefore, be seen that the repayment of Treasury Bonds was one of the principal causes of inflation. The maturity of the Bonds represents a problem of equal importance with that of the floating debt. It also becomes very acute since more than 7 milliards of these bonds mature in 1927. There are some 3 milliards to be repaid in February and about 4,300 millions of the so-called "Crédit National" Bonds guaranteed by the Government to be repaid in September 1927.

As to the first 3 milliards, these are to be repaid only upon demand on October 1, 1926, i.e. five months before the date of maturity. Even during 1925, which was a year when public confidence seemed to collapse, the proportion of Bonds of which repayment was applied for by the public never exceeded 50 per cent., and it is hoped that this proportion will now not be exceeded.

In numerous contributions by Mr. Kellerson, the *Information* insisted upon the necessity of settling the question of the maturity of Treasury Bonds. It is reported by the *Journal des Finances* (No. 35) that the Government is preparing a plan of conversion of the Bonds maturing in 1927. The means for the repayment of these Bonds, if demanded, are to be found in the resources of the "Caisse des Dépôts et Consignations" (a special body concentrating the deposits of the Savings Banks) and in special sums to be included in the Budget.

TRADE

Foreign Trade in Linen Stuffs.—Very interesting figures are now published concerning this branch of industry and commerce, showing that the foreign trade in linen stuffs is still far from its pre-war level, as is shown by the figures quoted below. This is a general phenomenon due principally to the decrease in Russian exports of flax. The consumption of flax in Great Britain which in 1924 amounted to but 56,000 tons, was as high as 120,000 tons in 1912. A similar retrograde movement may be observed in Belgium. The figures for France seem also to indicate a similar course; but it will be seen from the following figures that the linen trade of France is showing considerable progress in 1926 (in thousands of quintals = 100 lbs.) :—

	Imports of raw		Exports of linen and hemp.	
	Flax.	Hemp.	Thread.	Tissues.
Monthly average 1913...	177.4	24.6	—	4.1
" " 1922...	27.2	22.2	3.0	0.8
" " 1923...	35.8	24.4	3.3	1.3
" " 1924...	37.3	25.5	5.5	1.9
" " 1925...	44.6	21.0	7.0	2.1
January 1926...	66.3	41.9	5.3	1.9
February " "	71.1	40.2	5.2	2.9
March " "	72.6	38.2	6.7	2.5
April " "	63.7	29.8	4.3	2.2
May " "	78.6	24.9	5.7	2.8
June " "	79.0	29.3	6.4	2.1

(*Le Nord Industriel*, August 21.)

INDUSTRY

The Iron and Steel Industry in July.—On August 1 last there were 154 blast furnaces in operation (against 153 on July 1), 29 furnaces were ready to work (27 on July 1) and 33 in course of construction or undergoing repairs (37 on July 1).

The pig iron output after a certain decrease in June (as compared with May) attained record figures in July (in thousands of tons) :—

	Thomas Foundry Gilchrist.	Conver- sion pig. iron.	Special iron.	Bessemer pig.	Total pig iron.	
April ...	572	145	26	21	3	762
May ...	574	162	28	17	1	782
June ...	581	151	29	15	1	777
July ...	583	155	35	17	2	792

The production of crude steel has shown a still larger progression, having reached 718,109 tons in July, as against 693,772 tons in June, and 667,149 tons in May.

The continual progress of the French metallurgical production is also shown by the comparison of the July figure with that of last year: July, 1925, 625,344 tons; July, 1926, 718,109 tons; or an increase of more than 14 per cent. (*Nord Industriel*, No. 36.)

Coal Output in the Devastated Areas in July.—

The output of the Nord and Pas-de-Calais fields in July has shown a certain fall, as compared with June :—

		Difference as compared with June.
Coal ...	2,745,431 tons	— 38,518 tons
Briquettes ...	223,210 "	+ 4,502 "
Coke ...	245,557 "	+ 6,090 "

The average daily output of 105,593 tons shows a decrease if compared with June (107,079), representing, nevertheless, 114 per cent. of the pre-war daily rate. (*Nord Industriel*, No. 35.)

Errata.—In THE ECONOMIC REVIEW of August 27 last (Vol. XIV, No. 9) two errors unfortunately appeared in the contribution of our French correspondent on "The Franco-German Provisional Trade Agreement" (page 189). The two tariffs referred to in line 10 of this article should be the "tariff minimum" and the "tariff général." In line 27 "these rates must be inferior" should read "these rates must not be inferior."

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GERMANY

FINANCE

Reparation Payments, Agreement and Deliveries.—

On August 25 the Bank for German Industrial Debentures paid Rmk.62,500,000 marks for the trustee for the German Industrial Debentures under the Dawes Plan, to the account of the Agent-General for Reparation Payments. This amount forms the second half of the annual interest of 2½ per cent., to be paid in the second year of the scheme upon Rmk.5,000 mill. mortgages on German industry held by the trustee in the form of bonds and saleable debentures. The first instalment of interest due for the second year under this scheme was paid according to schedule in the beginning of April. What is known as the "Dawes year" commences in September.

At the beginning of September the Agent-General for Reparation Payments reported that an agreement had been made with the Reich Minister of Finance for the liquidation of the two supplementary budgetary contributions in respect of the third and fourth annuity years. The arrangement provides for a single payment of Rmk.300 mill. during the Dawes year September 1, 1926, to August 31, 1927, in the place of a total contingent liability of Rmk.500 mill.

In explanation of this arrangement it should be mentioned that the Dawes Plan and the London Agreement provided for certain modifications of the German budgetary contributions, dependent upon the yield of the controlled revenues, that is, of Customs and the duty on tobacco, sugar, spirits and beer. These budgetary contributions were to be increased or reduced each annuity year according to whether the aggregate yield of the controlled revenues in the preceding year was in excess or below Rmk.1,000 mill., the supplementary contributions being reckoned at one-third of the excess or deficit, but not themselves exceeding Rmk.250 mill. The actual yield of the controlled revenues has proved to be about 70 per cent. higher than the standard sum of Rmk.1,000 mill., whilst the estimated yield of these revenues for the annuity year 1925-26 is given at over Rmk.1,900 mill. It will thus be seen that on this arrangement the Reich Budget might be burdened with heavy supplementary contributions. The present agreement removes the liability of these contingent annual contributions, which for the two years might attain the figure of from Rmk.400 mill. to Rmk.550 mill., by a lump payment of Rmk.300 mill. It is generally conceded that the new arrangement will appreciably facilitate the working of the Dawes Plan. The Agent-General also adds that the conclusion of this agreement gives evidence of the spirit of friendly accommodation and goodwill.

The amount and value of Reparation deliveries to France on the July contracts, excluding coal and dye-stuffs, are considerable. Altogether 276 contracts to the value of Rmk.20 mill. were approved during the month. These figures bring the value of such contracts concluded with France since the Dawes Plan came into force to Rmk.297.6 mill. The *Deutsche Allgemeine Zeitung* of August 27 adds the information that of the total of 29 contracts concluded with Belgium during July, 11 were alterations of contracts formerly approved. The total value of these contracts for the month amounted to Rmk.231,000. The aggregate value of such deliveries since the Dawes Plan came into force now amounts to Rmk.63.2 mill.

Internal Loans, January to August.—The total value of internal loans issued from January to the middle of August this year amounts to Rmk.1,075.52 mill., which sum includes 362 mill. of Treasury Bills. This total was divided as follows (in mill. of Reichsmarks): Government and other loans for the whole country (including Rmk.320 mill. Treasury Bills), 347.00; Provinces and districts, 35.60; Municipalities and District Councils (including Rmk.42 mill. Treasury Bills), 241.30; Public

enterprises, 182.50; Private enterprises, 269.12. The total number of issues was 105. Of the total amount of which the purpose of application was made known Rmk.453.12 mill. were designed for productive purposes, whilst Rmk.47.80 mill. were used for non-productive purposes, such as building of dwelling houses, schools, hospitals, etc., and Rmk.352.45 mill. for the increase of working capital and including a dotation towards consolidation of debts. The remaining sum of Rmk. 192.50 mill. was applied to various purposes. (*Deutsche Bank Wirtschaftliche Mitteilungen*, August 15.)

Agricultural Credits, January to June.—The Institute for Trade Development Research has published data concerning agricultural credits, which, as shown below, have appreciably increased during the second quarter of the present year, mainly due to additional mortgages.

Agricultural Credits (in millions of Reichsmarks):—

	Dec. 12, 1925.	March 31, 1926.	June 30, 1926.
Mortgage loans	1,100	1,200	1,700
Fluctuating personal credits ...	800	800	900
Non-fluctuating personal credits	1,200	1,100	1,100
Total	3,100	3,100	3,700

The non-fluctuating credits are personal loans to agriculture that have to be repaid at a fixed term within reasonable time, and cannot therefore be regarded as permanent. It will be seen that the total indebtedness of agriculture at the end of the first half year amounts to Rmk.3,700 mill. After negotiations between the Ministry of Food and Agriculture and the leading banks there is a possibility that loans falling due during and immediately after the harvest period may be postponed to a later date. This will considerably relieve the agricultural situation. (*Deutsche Allgemeine Zeitung*, August 25.)

TRADE

Foreign Trade in Metals and Ores (other than Iron).

—The notable rise in raw metal imports in March has been continued up to the end of the first half-year, and has re-acted favourably upon the various branches of the German metal industry. Despite this increase the excess of imports over exports has not attained the high figures for the first half-year of 1925, as the following table will show (in tons):—

	First Half-year 1926.	Second Half-year, 1925.	First Half-year, 1925.
Raw copper	47,262	70,060	122,974
Lead	27,695	42,717	79,695
Zinc	28,796	32,547	50,549
Tin	2,058	3,919	6,256
Nickel	352	591	1,332
Aluminium	6,298*	344	6,039

* Export surplus.

Correlative with the increase of imports a rise in the exports of semi-manufactures is also to be observed, the improvement in certain instances being remarkable. The quantities of metal imports and exports, other than iron, for the first half of the present year, as compared with the first half of 1925, are tabulated below (in tons):

	Imports.		Exports.	
	First Half-year, 1926.	1925.	First Half-year, 1926.	1925.
Aluminium (raw, sheet, etc.) ...	1,776.1	6,523.2	8,073.9	484.5
Lead (raw, filings, etc.) ...	36,656.2	84,905.0	8,961.4	5,209.9
Zinc (raw, rolled, sheet, and filings, etc.) ...	43,423.7	78,260.0	14,746.5	6,718.1
Tin (raw, filings, etc.) ...	4,031.3	7,306.0	1,973.0	1,050.0
Nickel (raw, etc., including coins)	707.4	1,662.7	355.3	331.3
Copper (raw) ...	61,614.2	127,686.3	14,021.5	4,711.7
Chromium, cadmium, wolfram, etc., suitable for the production of metal goods	720.9	—	1,133.2	—
Antimony ...	977.5	1,417.2	470.8	87.9

The foreign trade movements in these metals during the second quarter of 1926 shows some interesting variations on the figures for the first quarter of 1925 and 1914 (in tons):—

			Imports.		Excess of Imports
			Imports.	Exports.	
Raw copper,	second quarter	1926 ...	34,243	5,707	28,536
"	first "	1925 ...	27,398	8,314	19,084
"	second "	" ...	70,188	2,732	67,456
"	first "	1914 ...	54,113	1,630	52,483
Raw zinc,	second quarter	1926 ...	26,199	4,223	21,976
"	first "	" ...	13,363	6,543	6,820
"	second "	1925 ...	25,914	4,200	21,714
Raw and scrap lead,	second quarter	1926 ...	19,476	4,001	15,475
	first "	" ...	17,180	4,960	12,220
	second "	1925 ...	44,236	2,619	41,617
Raw and scrap tin,	"	1914 ...	18,702	8,387	10,315
	second quarter	1926 ...	2,242	1,038	1,204
	first "	" ...	1,790	935	855
Raw and scrap tin,	second "	1925 ...	3,766	498	3,268
	"	1914 ...	3,809	1,702	2,107

Considerable differences were also registered in the commercial exchanges with foreign countries in the various ores, dross and residues, as shown in the following table (in tons):—

	Imports.		Exports.	
	First Half-year, 1926.	1925.	First Half-year, 1926.	1925.
Antimony ore ...	344.9	628.7	302.4	13.6
Arsenic ores ...	102.6	211.6	(included under Antimony ores).	
Lead ore ...	24,895.2	9,654.2	4,941.9	3,485.0
Chromiferous ores	10,606.6	5,792.3	—	485.2
Copper ore, and cupriferos pyrites, etc. ...	63,621.2	15,035.9	18,027.2	542.3
Nickel ore ...	575.3	1,962.9	(under chromiferous ore)	
Silver ore ...	91.8	37.3	—	—
Wolfram ore ...	1,439.4	1,876.2	58.1	1.9
Zinc ore... ..	61,438.8	48,352.3	36,976.6	32,676.7
Tin ore ...	366.9	1,099.7	(under wolfram ore)	
Uranium, vitriolic and molybdenum	1,764.0	1,193.4	(" ")	
Metal residue ...	7,201.1	11,151.2	48,781.3	28,105.9

Further and comprehensive details of the trade in metals and ores are contained in *Metall und Erz*, No. 16, from which the above figures have been extracted.

AGRICULTURE

Cultivated Land in 1926.—Every year about the

middle of summer, the Reich Statistical Bureau publishes data concerning the extent of arable land under cultivation of cereals, root crops, etc. These figures enable a fair estimate to be made of the ensuing harvest in comparison with previous seasons. In general, the land devoted to the main cereal crops such as wheat, rye, barley and oats, is somewhat increased this year, though the total figure has not yet attained its pre-war dimensions. The area under potato cultivation is actually much lower than before the war. There has been a tendency during recent years to develop pasturing, cattle breeding, etc. Moreover, the area given over to fodder growing is somewhat greater than in pre-war times. This is undoubtedly due to the increased cattle raising and feeding. The areas and the different crops under cultivation in 1926, 1925, 1922 and 1923, are shown in the following table (in hectares):—

	1926.	1925.	1922.	1913.
Winter wheat	1,454,876	1,417,049	1,186,028	1,491,073
Summer wheat	145,529	135,123	187,908	214,708
Spelt ...	124,728	125,112	126,790	240,060
Winter rye ...	4,650,482	4,622,022	4,076,105	5,223,503
Summer rye ...	80,192	86,471	66,217	106,335
Winter barley	159,530	127,338	103,890	47,022
Summer barley	1,324,282	1,307,311	1,151,677	1,385,698
Oats ...	3,475,108	3,452,427	3,201,620	3,928,480
Mixed crops ...	321,824	313,163	320,666	298,203
Potatoes ...	2,759,646	2,808,946	2,721,284	2,841,924
Sugar beet ...	403,171	404,009	417,147	452,133
Other beet ...	725,210	717,885	784,552	553,793
Total ...	28,503,095	28,501,944	27,935,080	29,204,226

The aggregate area of land now devoted to this cultivation is approximately 700,000 hectares lower than before the war. (*Hamburger Fremdenblatt*, August 26.)

Sugar Production, 1925-1926.—During the 1925-1926 sugar campaign 262 refineries were actively engaged in Germany on the production of sugar from beet. The total area devoted to the cultivation of sugar beet in 1925 was 372,542 hectares, as against 354,370 hectares in 1924. The total area for 1926 is estimated at 366,331 hectares. During the 1925-1926 campaign the total amount of sugar beet grown was 10.16 mill. tons, which was approximately 370,000 tons or 3.7 per cent. higher than in the previous season. The production of raw sugar was also somewhat higher than in the preceding campaign, amounting to approximately 1.56 mill. tons, as against 1.55 mill. tons. The proportion of refined sugar to raw sugar was 9 : 10, the aggregate production of refined sugar amounting to 1.42 mill. tons, as compared with 1.39 mill. tons. Despite this improvement on the preceding season German sugar production is still behind that of pre-war seasons over the same areas. The amount of beet for the manufacture of sugar was about 3.6 mill. tons, or 26.1 per cent. lower in 1925-26 than pre-war, whilst the production of raw sugar has fallen off 6.77 mill. tons, or 30.2 per cent.

The following table compares the production of sugar beet in Germany with that of other countries (in thousands of tons):—

Sugar Beet Production, 1925-1926.

	1925-26.	1924-25.	1923-24.	1922-23.
Germany ...	1,564	1,547	1,146	1,455
Czechoslovakia ...	1,520	1,427	1,002	736
France ...	755	822	566	561
Belgium ...	335	395	296	265
Holland... ..	310	320	211	233
Russia ...	1,042	455	377	209
Poland ...	590	549	414	315
Italy ...	162	419	322	270
United States ...	805	1,064	908	696
Canada ...	32	44	20	16
Total ...	7,115	7,042	5,262	4,756

These annual totals of production do not include the figures of the output of the less important sugar beet growing countries of Europe. We give below the aggregate volumes of sugar beet production for the whole of Europe in comparison with the total for Europe and North America (in thousands of tons):—

	1925-26.	1924-25.	1923-24.	1922-23.
Europe ...	7,467	7,116	5,080	4,583
Europe and North America ...	8,297	8,224	6,008	5,295

(*Wirtschaft und Statistik*, No. 15.)

SOCIAL AND LABOUR CONDITIONS

Ruhr Wages Settlement.—After hearing the case for both the miners and mine owners the Arbitration Committee appointed by the Reich Ministry of Labour, under the chairmanship of Herr Jötten, the official arbitrator for the Rhineland, has awarded the miners a four per cent. increase in wages, which has been accepted by them. The owners, however, have refused to consider the men's claims; but the Reich Ministry of Labour has declared the award binding. It is feared that the price of German coal will rise at once and that the present favourable position caused by the British coal stoppage will be nullified. Most of the contracts do not extend beyond January, and renewed British competition, coupled with higher German production costs, will prove a serious handicap to the Ruhr coal industry.

The new terms for the miners mean that (with supplement) hewers will receive about nine marks per day. The basic rates are: hewers, Rmk.8.80; other skilled and unskilled workers, Rmk.6.65 and Rmk.5.85 respectively. The working day is eight hours, with one to one and a half hours allowed for getting to and from the surface. The pre-war wage of hewers (without bonus) was Rmk.8.40.

The present effective output of the miners is now from 17 to 29 per cent. above the average for 1923 and they state that in spite of this wages have actually decreased. As the purchasing power of the money has

declined it is estimated that the present wages are 10 per cent. below those of 1913.

COMMUNICATIONS

Air Traffic in 1924-1925.—During the course of the past two years German air traffic has made extraordinary advance. Considerable improvement has been made in the technical and mechanical equipment of all machines, resulting in much greater air security and flying efficiency. The number of large towns that are now linked up in a system of airways is considerably more than in 1923 and is constantly being augmented. The total length of the airways in 1923 was 3,400 kilometres; in 1924, 7,000 kilometres and in 1925 no less than 23,000 kilometres, which latter equals 40 per cent. of the total length of the German State Railways. The number of companies operating air services has grown from six in 1923 to 56 in 1925. Of this number over one-third were operated from Berlin. Of the companies operating in 1925, 38 confined their flights within the borders of Germany whilst the remainder extended their journey lines to other countries. The actual list of routes flown in 1925 is shown in the following table, together with the distance in kilometres between the various termini:—

Route.	Kilometres.	Route.	Kilometres.
Berlin-London ...	991	Geneva-Budapest ...	1,114
„ -Basle ...	725	Dorsten-Zurich ...	558
„ -Copenhagen ...	485	Berlin-Stockholm ...	1,054
Munich-Innsbruck ...	150	„ -Malmo ...	454
„ -Amsterdam ...	695	Zurich-Munich ...	242
Hamburg-Amsterdam ...	394	Dorsten-Amsterdam...	200
„ -Zurich ...	796	Leipzig-Vienna ...	688
Bremen-Copenhagen ...	382	Hamburg-Malmo ...	330
Königsberg-Helsingfors ...	803	„ -Danzig ...	630

The number of flights undertaken in 1924 was 4,194, and in 1925, 18,634. The average daily flight in 1928 was 15,030 kilometres, rising to 35,174 kilometres in 1925. The number of machines engaged in 1924 was 249 and in 1925, 324, while the number of passengers carried rose from 13,422 in 1924 to 55,185 in 1925, and the total number of passenger kilometres from 3,266,000 in 1924 to 10,603,000 in 1925. Freight, from small beginnings, has shown a remarkable increase, and this applies also to the air mails which in 1925 totalled more than 12 times the volume of that carried in 1924. (*Wirtschaft und Statistik*, No. 15.)

On August 27 the International Air Traffic Association held its 16th Conference at the Foreign Office in Berlin. Eighteen different countries sent representatives from 23 air traffic companies. The German Minister of Communications, Dr. Brandenburg, who is responsible for civil aviation in Germany, greeted the delegation on behalf of the German Government. He stated that the occasion was noteworthy in that it was the first conference since commercial air traffic had existed in which Germany's representatives were taking part unshackled by restriction regarding their aircraft. The Congress elected as its President Herr Martin Wronski, a director of the Deutsche Luft Hansa.

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	7	Kovno.....	7	Rome	7
Berlin	6	Lisbon	8	Sofia	10
Brussels	7	Madrid	5	Stockholm ...	4½
Bucharest ...	6	Moscow	8	Tokyo	7.3
Budapest	6	New York ...	4	Vienna	7
Copenhagen ...	5	Oslo	5½	Warsaw	10
Danzig	5½	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.

SOUTH AMERICA

CHILE.

Presidential Message and the Budget.—In the Presidential Message read at the Ordinary Sessions of Congress the President of the Republic reviewed the political and international affairs of the nation and then made reference to the state of the Government finances, but the figures given referred only to the year ended December 31, 1925, being as follows (in pesos):—

Revenue.	Expenditure.	Deficit.
1,081,101,231	1,144,754,824	63,653,593
Outstanding deficit at January 1, 1925	34,155,000
Uncollectable debts to Government, written off	...	40,283,960
Outstanding liabilities under Decree Laws	6,494,200
Total deficit at December 31, 1925	144,586,753

The external debt amounted to £26,083,092 and \$25,037,578 (United States), or say \$1,249,057,461 (paper). The internal debt figures at \$4,220,000 (gold) and \$263,787,030 (paper). The international trade of Chile provided the following figures: Value of exports, \$1,878,757,824 (paper); imports, \$1,223,377,776 (paper); favourable balance, \$655,380,048.

In making reference to the nitrate industry Congress was requested to pass a Law authorising the extension to December 31 next of Law 3983, to enable the Government to effect the auction of nitrate lands during the current financial period, the funds from these sales being required for Budget purposes.

Under the heading State Railways it was stated that they produced for 1925 a surplus of \$8,000,000 (paper). The southern section had a surplus of \$13,670,000, and the northern section a loss of \$5,650,000. The figures for the first quarter of the current year were also given, showing receipts £67,000,000 and expenditure \$53,500,000.

No new projects of importance in the Public Works Department were announced, but the works in hand were proceeding normally. Social legislation called for mention in that the Government considered that the recent "Decree Laws" needed revision at the hands of Congress, with a view to making them practicable and productive of the good results looked for at their promulgation.

The Budget for 1926 was not referred to in the President's Message, nor has it yet been published, but on April 18 the Finance Minister, answering questions in Congress, gave figures as follows (in pesos):—

Estimated receipts	958,078,916
Estimated expenditure	1,009,771,159
Deficit	\$51,692,243

To meet this deficit it was proposed to effect reductions in the number of the personnel and in salaries of Government officials, which would result in an economy of \$88,850,000 (paper).

The estimated revenue is calculated on the basis of (in pesos):—

Tax on export of nitrate	230,943,000
Tax on export of borax and yodo (iodine) ...	4,500,000
Tax on export of metals	740,000
Import duties	238,399,000
Income tax	135,000,000
Various items, not detailed	196,030,000
	<hr/>
	\$805,612,000
Extraordinary receipts	132,621,100
Services provided for out of special funds ...	19,845,816
	<hr/>
	\$958,078,916

The estimated expenditure of \$1,009,771,159 was not published in detail.

The Government has so far given no indication of the manner in which it is intended to liquidate the increasing deficit. (*Bank of London and South America Review*, July.)

Foreign Trade Returns for the First Quarter.—Although there are not yet available complete figures giving the total values of Chilean import and export

trade for the first quarter of the current year, official statistics have recently been published covering thirty-five of the principal articles of importation and twenty-nine of exportation. The value of the import items was \$173,046,885 as compared with \$91,871,679 in the corresponding quarter of 1925, while the main items of export totalled \$510,213,168 (including \$99,994,999 gold) as against \$506,679,345. It will be noted that a very substantial increase is shown in the value of the imports covered by the above figures as compared with the first quarter of 1925, and it is highly probable that part at least of this expansion in the import trade is not unconnected with the effectual stabilisation of the exchange value of the peso during recent months. With regard to exports, shipments of nitrate totalled \$224,690,043 in value as compared with \$275,220,210 in the corresponding period of 1925, while exports of wool amounted to \$26,875,146 as against \$30,361,302. On the other hand, expansion has been recorded in the value of exports of borax, frozen meat, bar copper, and iodine. (*Report of the Anglo-South American Bank*, July 10.)

Crisis in the Nitrate Industry.—At the thirty-eighth annual general meeting of the Lautaro Nitrate Company Limited, held at the provisional offices of the Company in Valparaiso on June 30 last, the Chairman, Mr. Pascual Baburizza, declared that the Chilean nitrate industry was rapidly coming to a decisive turning point. Until last year Chilean nitrate maintained approximately its pre-war position as regards its relative consumption: 2,377,000 tons in 1924-25, as against 2,719,000 in 1913-14. There was apprehension over the rapid advance of rival nitrogenous fertilisers, but the figures themselves had more or less an allaying effect, especially taking into account that Chilean nitrate had been displaced from the German and neighbouring markets, which before the war absorbed nearly 900,000 tons. But during the business year just closed there has been a considerable decrease in the consumption which cannot be ascribed exclusively to accidental circumstances of the market, such as over-production and the low price of sugar and cotton, but has its deepest cause in the growing increase of competing fertilisers. The consumption of Chilean nitrate in 1925-26 may be reckoned at 2,070,000 tons, which signifies a decrease of nearly 300,000 tons as compared with the former period.

The seriousness of the situation becomes more apparent when the world's production of pure nitrogen is considered, the figures having risen from 823,000 tons in 1913 to 947,000 tons in 1923, 1,061,000 tons in 1924 and 1,190,000 tons in 1925. While the production and consequently the general consumption of nitrogen is increasing, that of Chilean nitrate is diminishing in such a manner that not only does it not partake of the increase in the general consumption, but the percentage in this is becoming yearly less, as is shown in the following table:—

	Nitrate.	Competitors.
1894	73 per cent.	27 per cent.
1904	66 " "	34 " "
1913-14... ..	51 " "	49 " "
1923-24... ..	37 " "	63 " "
1924-25... ..	35 " "	65 " "
1925-26... ..	26 " "	74 " "

Thus Chilean nitrate occupies to-day exactly the same position as its rival did in 1894, and after satisfying three-fourths of the world's consumption thirty-two years ago it has descended to supply barely one-fourth of the nitrogen requirements. The reasons for this displacement are twofold: the protectionist policy adopted in nitrogen-producing countries and the price. Unfortunately for the Chilean nitrate industry the Chilean Government does not follow a protectionist policy. As regards price it is in this field that the future of nitrate will be decisively settled. Yet leading opinion inclines to the dangerous delusion that Chile is not really threatened and that the home industry is capable of going ahead by itself without alleviation

from the fiscal charges that overwhelm it. During the season just ended the European importers of Chilean nitrate have been selling it at cost price, or even at a loss. Notwithstanding this, the rival producers have maintained prices much lower than those of the Chilean product. In the scale of prices fixed for the year 1926-27 a reduction of one shilling per metric quintal has been introduced, with which the mean annual price remains approximately at 19s. This reduction is not sufficient. The co-operation of the State is looked for to make a further considerable reduction, which should not be less than 3s., or a total of 4s. As a logical consequence of the reduction of consumption there has been a heavy increase in the world's stocks to the extent of about 500,000 tons, as compared with a year ago.

According to the *Report of the Anglo-South American Bank* of July 10, the reported production and total exports of the fertiliser in the nitrate year ended June 30 last are as follows, compared with those of the two preceding seasons (in metric quintals):—

	1925-26.	1924-25.	1923-24.
Reported production, July to June...	26,194,228	24,096,981	22,194,533
Total exports, July to June ...	22,475,457	25,658,553	21,756,076

Of the total exports of nitrate in the year ended June 30 last, an amount of 11,303,477 metric quintals was despatched to Europe and Egypt, while 9,429,987 were shipped to the United States and 1,741,993 to other countries.

At the Fourth Ordinary General Meeting of the British and South Pacific Trading Company, Limited, held on September 2 last, Mr. T. Tertius Aikman, one of the managing directors, dealt amongst other matters with the situation in the Chilean nitrate industry. He mentioned that his company had bought nitrate supplies with considerable caution, that the total purchases for the past nitrate year were much less than for the preceding twelve months, and that this quantity would not have been bought had the Nitrate Producers' Association not given with each purchase contract a fall clause, which would have protected the buyers against loss on stocks they were unable to sell at the end of the season. Unfortunately, when the consumption failed and it was clear that large stocks of nitrate were going to be carried over, advices from Chile indicated that buyers might not receive the full protection of this fall clause if the prices were further reduced. Consequently, instead of the importers holding their stocks with confidence, the end of the season developed into a scramble to liquidate stocks at practically any price. Conditions, he said, were against a satisfactory solution of the problem, but he believed that the time was near when the Chilean Government and the producers would be compelled to take the necessary steps to bring back nitrate to the position it formerly occupied. There was every prospect that, with a free market and the possibility of a reduction in duty by the Chilean Government, the price of nitrate would be greatly reduced, which might act as a deterrent to the erection of further synthetic plants for the present. It was probable that in the event of a fight for the world's markets which might force Chile to remove the export duty, Chilean nitrate would be in an equally strong position to synthetic nitrogen products. Mr. Aikman considered that the only satisfactory solution to the present nitrogen situation would be an agreement between the German synthetic nitrogen combine and the Chilean nitrate industry, by which the sales of nitrogen by each party would be regulated by the world's demands and which also covered an extensive scheme of joint propaganda. But such a scheme would not be practicable until the Chilean industry was reorganised either by adopting a scheme of centralised selling or by free selling by individual producers. In all probability neither the Chilean Government nor the producers would consider the first of these alternatives. If an agreement on free selling were reached, with

restriction of shipments on lines more or less analogous to the Stevenson rubber scheme, the consumption of nitrogen could be greatly increased and a fair margin of profit obtained by all producers. If the present situation is allowed to drift on there would be a price-war which would eventually cripple both industries.

Fuel Production, Imports and Exports.—In dealing with the question of the national production of fuel and the commercial exchanges with foreign countries, the *Boletín Minero* of Santiago gives some useful figures illustrating the course of development over the period 1911 to 1923. The following table shows the relation between the gross and net output of coal, the consumption at the mines and the volume exported. It will be seen that the results of 1923 were an improvement on those of 1922, the net production having once again exceeded a million metric tons. Exports also increased. The industry in 1923 was, however, still far behind its best of previous years (in metric tons):—

	Gross coal output.	Consumption at mines.	Net output.	Exports.
1911 ...	1,188,063	145,205	1,042,858	255,281
1912 ...	1,334,407	139,599	1,194,808	263,072
1913 ...	1,283,450	164,369	1,119,081	286,536
1914 ...	1,086,946	142,117	944,829	266,972
1915 ...	1,171,564	120,690	1,050,874	184,962
1916 ...	1,418,119	125,867	1,292,252	173,695
1917 ...	1,539,314	149,344	1,389,970	226,448
1918 ...	1,516,524	154,918	1,361,543	186,675
1919 ...	1,485,491	158,350	1,327,141	179,210
1920 ...	1,063,185	136,695	926,590	192,656
1921 ...	1,275,117	162,365	1,112,752	178,308
1922 ...	1,043,574	153,812	889,762	104,305
1923 ...	1,185,875	167,485	1,018,390	181,640

In the earlier years of this period the imports of coal greatly exceeded exports. With slight variations coal imports have gradually receded, with the result that in 1923 exports exceeded imports by 34,823 metric tons, excluding, however, the importation of 61,021 metric tons of coke and 925 metric tons of briquettes. The volume of imports of coal, coke, briquettes, and petroleum during the years under survey is shown below (in metric tons):—

	Coal.	Coke.	Briquettes.	Petroleum.
1911 ...	1,367,874	39,425	—	134,086
1912 ...	1,524,652	52,569	—	230,840
1913 ...	1,540,747	46,337	—	402,349
1914 ...	1,257,559	46,911	100	509,860
1915 ...	411,317	50,151	3,156	339,066
1916 ...	407,708	112,176	10,029	755,279
1917 ...	406,667	98,197	27,156	760,912
1918 ...	320,219	65,793	46,286	780,039
1919 ...	156,792	46,265	18,484	567,442
1920 ...	309,425	55,523	18,720	638,088
1921 ...	477,752	15,291	16,919	541,837
1922 ...	137,287	33,738	16,672	459,931
1923 ...	146,817	61,021	925	753,607

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The *South American Journal* of May 8 states that the total output of coal in 1924 was approximately 1,513,000 tons, and in 1925 only about 1,473,000 tons, a decline that is, of some 40,000 tons. It is expected that production will now be augmented as a result of the protective tariffs on coal and petroleum.

According to the *South Pacific Mail* of May 27 the year 1925 was altogether a bad one for the Chilean coal industry. This is attributed mainly to the political unrest, with the wave of new social legislation which impeded progress and held up all public works, such as the projected acquisition by the State of the Lebu-Los Sauces railway. The fall in the price of foreign coal also had a detrimental effect upon the home industry. English coal could, for example, be obtained at the price of production, and in some cases, at even less. British subventions to the coal industry represented 6 pesos per ton in Chile. At the end of 1925 foreign coal had fallen in Chilean ports to about 32 shillings per ton. At the same time the price of fuel oil fell from 72 or 75 shillings at the end of 1924 to but 60 shillings at the end of 1925. It has since dropped to 50 to 55 shillings, and some contracts have been made at about 40 shillings. In the view of the Coal Commission the coal reserves of Chile are sufficient to supply all requirements of industry for a hundred years, even allowing for an annual production double that of the present. The Commission has made certain recommendations to the Government with a view to cheapening coal produced in Chile.

YUGO-SLAVIA

POLITICAL AND GENERAL

Economic Problems.—The comprehensive reform measures that are being introduced by the Government have aroused considerable interest throughout Yugo-Slavia. In connection with these reforms several Chambers of Commerce and Industrial Federations have issued statistical material in illustration of the economic crisis prevailing in Yugo-Slavia, of which the following is a summary.

The economic crisis which set in during the course of 1923 has become unexpectedly more acute during the present year. Whereas 1924 closed with a favourable foreign trade balance of 1,317 mill. dinars, the favourable balance in 1925 fell to 152 millions. During the first six months of the present year exports amounted in value to 3,938 mill. dinars, as compared with 4,506.5 mill. dinars for the corresponding period in 1925, that is a drop approximately of 570 mill. This represents a decrease in gold value of 20 mill. dinars (gold); but at the same time there was actually an increase in volume of 471,288 tons. From the provisional returns of imports it is clear that the half-year has closed with an adverse balance of trade. The immediate consequence of this situation has been a diminution in the influx of foreign currencies, which are very necessary for the maintenance of the dinar's stability. Export firms are suffering very severely from the previous depression and the number of liquidations has considerably increased, while the number of active firms has been diminished. The burden of taxation is very heavy and it should be noted that during the first four months of 1926 the taxes collected amounted to only 453 mill. dinars, as against an estimated 521.4 mill. dinars. Under these circumstances it is not surprising to find that the situation in the labour market has become worse. There is also a pronounced credit crisis, particularly for long-term credits.

In order rightly to appraise the private economic and financial conditions in Yugo-Slavia some idea of the national economic aspect is necessary. The population is preponderantly agricultural, numbering some 12 million souls. The Budget for the current financial year covers a round 12,500 mill. dinars, that is approximately $\frac{1}{3}$ 225 null. dollars. After deducting the receipts from State undertakings of communications and of the monopolies there remains between 8,500 and 9,000 mill.

dinars, or from 152 mill. to 160 mill. dollars, to be collected from actual taxes, supplementary taxes and various State dues. During the financial year 1925-26 receipts actually collected amounted to 11,728 mill. dinars. The necessity to ease the tributary burden, partly in view of the scarcity of capital and of the present crisis, is not only being repeatedly emphasised by various economic organisations but has now been recognised by the Government. An endeavour will probably be made to reduce the national expenditure by an average of 10 per cent. all round. This measure of retrenchment would represent a saving of something over 1,000 mill. dinars; in expert circles, however, it is maintained that little good can be done unless a reduction of 2,000 mill. to 3,000 mill. dinars is effected.

The Government's chief difficulty at the moment is the problem of balancing the Budget. It should be noted that the Budget for 1924-25 closed with a surplus of 611 mill. dinars, which, however, was wiped out by later supplementary and extraordinary credits amounting to 1,366 mill. dinars, and thereby converted into a considerable deficit.

In addition to the general reduction of 10 per cent. the Government is planning a series of measures to relieve the present situation, the chief of which is the reform of direct taxes. Furthermore, in order to effect the rationalisation of national economy some drastic measures will be taken to denationalise certain State undertakings. This applies particularly to the national mines. Very significant is the recent statement of the Minister of Communications in which he declared that he was in favour of leaving the construction and development of railways to private initiative rather than to State departments. (*Mittleeuropäische Wirtschaft, Neue Freie Presse*, August 5 and 21.)

The *Pravda* of August 21 states that at the recent Economic Conference it was decided that the present economic difficulties could be overcome even without fresh credits. The Conference urged the Government to keep more strictly to contracted engagements with industrial enterprises. It was recalled that some time past the Government denounced contracts with five industrial concerns on the ground that to keep these contracts would be disadvantageous to the interests of the State. Such procedure is not likely to encourage the participation of foreign capital.

Foreign Relations and Treaties.—The ratification of the Belgrade Conventions—a series of technical conventions dealing with the right of settlement, railway affairs, Consular services, and similar matters, and which are intended to amplify and complete the Pact of Friendship concluded between Yugo-Slavia and Italy at Rome in January 1926—judging by reports seems to be anything but popular among the rank and file in Yugo-Slavia, both in and out of Parliament. The Government succeeded in pressing this measure only by the help of an automatic majority; a number of important Ministers are even reported to be strongly opposed to the Conventions. Colour is lent to this statement by the news that the Yugo-Slav Parliament has been suddenly prorogued to September 20.

The united Opposition parties in Yugo-Slavia, and particularly the Croats and Slovenes, claim that the Conventions favour Italy exclusively, and that the prospects of the Yugo-Slav ports of Shibenik, Split, Metkovitch, Gruz and Zelenika will be injured by the diversion of trade to Fiume and Trieste. So strongly do they feel on this matter that they have issued a manifesto demanding that Parliament shall as soon as possible have submitted to it the Commercial Treaty and the Conventions concluded last year as a result of the Treaty of Rapallo. The political factions who are nervous of Italian penetration into the Balkans are strongly urging the need of concluding as early as possible a political Convention with France and of strengthening the treaties with the other Little Entente States. They hope by these means to nullify any

attempt on the part of Italy to obtain a preponderant influence in the Balkans.

Negotiations for commercial treaties with France, Belgium and Spain are being opened and a commercial treaty between Yugo-Slavia and Hungary is on the eve of conclusion. A Pact of Friendship and Arbitration between the Serb, Croat and Slovene Kingdom and Poland is to be signed at Geneva in September, while a similar treaty between Yugo-Slavia and Greece, together with four railway Conventions between those two countries, has been signed at Athens.

The Yugo-Slav Parliament has now ratified the agreement made at Washington in May last for the funding of the Yugo-Slav war debt to the United States. The total debt is now 62,850,000 dollars. This will be amortised within a period of 62 years, the last instalment being payable on June 15, 1987. Interest will start only from 1961 and will then rise progressively from 0.8 per cent. to 3½ per cent. In 62 years Yugo-Slavia will pay the United States a total sum of 95,177,635 dollars, of which 32,327,635 dollars will represent interest.

Relations between Yugo-Slavia and Albania have distinctly cooled of late. At the moment the new Yugo-Slav and Albanian commercial treaty was to have been signed at Belgrade the Albanian Government postponed its signature and recalled its representative to Tirana.

FINANCE

Development of the National Bank during the Half-year.—The fiduciary circulation of the National Bank represented on June 30, 1926, 5,494 mill. of dinars, as against 6,063 mill. at the end of 1925. From the point of view of the policy of deflation this diminution of about 10 per cent. should be very satisfactory. It is necessary to ascertain if this opinion will still prevail after a closer examination of the situation. In normal times the circulation diminished equally with the falling off of bills of exchange discounted and of deposits and was parallel with large augmentations of transfer accounts.

During the first half of this year discounts have dropped from 1,208 mill. dinars to 1,034 mill. dinars, a loss of about 170 mill. Deposits, on the contrary, have increased from 163 mill. to 232 mill. dinars. The changes under this head would correspond to a drop in fiduciary circulation of 100 mill. francs. Transfer accounts have only increased by 40 mill. State credits, owing to considerable fluctuations during the half-year, are 10 mill. dinars less than at the commencement of the year. These changes are not sufficient by themselves to represent a drop in circulation of over 500 mill. dinars. The foreign deposits of the Bank have suffered a loss of about 300 mill. dinars owing to fluctuations of the exchanges.

If the situation of the National Bank for the first half of 1926 is compared with that for the same period of 1925, the following figures are obtained (in millions of dinars):—

	1925.		1926.	
	Jan. 1.	June 30.	Jan. 1.	June 30.
Fiduciary circulation ...	6,001	5,644	6,063	5,494
Deposits abroad ...	379	367	366	323
Difference on exchange	603	695	755	506
Total of deposits abroad	982	1,062	1,121	829
Bills of exchange ...	1,289	934	1,208	1,034
Deposits ...	205	198	163	232
Total ...	1,494	1,132	1,371	1,266
Transfers, clearances ...	306	528	367	405
State credits ...	—	9	41	32
Total ...	306	537	408	437

(*Morgenblatt, Zagreb, July 16.*)

The general opinion in economic circles in Yugo-Slavia supports the belief that the favourable development of the National Bank will probably not be interrupted to any extent during the present year, notwithstanding the present serious economic crisis.

TRADE

Export Returns for the Half-year.—Yugo-Slav exports during the first half of the present year amounted to 2,616,625 tons, valued at 3,938,353,129 dinars (paper) or 359,377,159 dinars (gold), as against 2,145,337 tons, valued at 4,506,486,074 dinars (paper) or 379,699,815 dinars (gold) for the corresponding period of 1925 and 1,584,939 tons valued at 4,175,920,945 dinars (paper) or 278,788,070 dinars (gold) for the same period in 1924. Compared with the 1925 period exports in the first six months of the present year increased by 21.96 per cent. in volume, but decreased by 5.35 per cent. in value.

The main items of export were as follows:—

	Quantity.	Value in millions of dinars (gold).
Maize ...	709,644 tons	94.7
Timber (building) ...	606,638 "	41.4
„ (fuel) ...	143,454 "	2.7
Eggs ...	21,062 "	35.3
Wheat ...	105,342 "	28.8
Other cereals ...	17,113 "	2.5
Meat (fresh) ...	10,193 "	14.7
Meat products ...	648 "	1.8
Horned cattle ...	51,572 head	14.7
Raw copper ...	6,261 tons	13.7
Pigs (live) ...	80,153 head	9.4
Cement ...	173,776 tons	6.3
Horses ...	22,257 head	6.2
Wheaten flour ...	13,292 tons	5.9
Hemp ...	6,699 "	5.1
Prunes ...	9,445 "	5.0
Sheet lead ...	5,038 "	4.9
Carbide of calcium ...	12,659 "	3.5
Extracts for tanning ...	6,029 "	2.4
Railway sleepers (oak) ...	371,562 lengths	2.1
Opium ...	45 tons	2.0
Railway sleepers (beech) ...	584,182 lengths	1.9
Wood products ...	6,617 tons	1.7
Various ...	661,153 "	52.6

The chief countries of destination are shown below:—

	Millions of dinars (gold).	Percentage of total exports.
Italy ...	106.1	29.52
Austria ...	62.1	17.28
Rumania, via Braila ...	54.9	15.29
Germany ...	29.1	8.10
Czechoslovakia ...	27.9	7.78
Greece ...	18.5	5.13
Switzerland ...	16.9	4.70
Hungary ...	14.4	3.99
France ...	10.9	3.04
Great Britain ...	3.7	1.04
Miscellaneous ...	14.8	4.13
Total ...	359.3	100 per cent.

At the time of going to press the statistics of imports are not yet available. (*Trgovinski Glasnik, July 26, August 1.*)

INDUSTRY

Industrial Crisis.—Yugo-Slav industries have for some considerable time been passing through a serious crisis. According to the report presented to the Congress of Chambers of Commerce at Belgrade by M. Alexander, president of the Federation of Croat Industries, 90 per cent. of all industrial concerns presenting balance-sheets show losses for the year 1925, some of them very considerable. This state of affairs is reflected in restricted output and a growth of unemployment. Manufacturers complain of excessive taxation, of high rates of interest for credits (interest of 15 to 17 per cent. is paid for industrial credits), and of the difficulty of finding markets. The lack of a market for industrial output is the result of the decline in the price of agricultural produce, for the peasant and farmer, the main consumers in Yugo-Slavia, have been compelled to limit their requirements to a minimum. Another cause of the present crisis is, without doubt, the fact that at the close of the war a national industry began to be built up precipitately, in the absence in many cases of suitable conditions within the country. It is such new concerns that are mostly affected by the crisis, particularly those which are compelled to rely exclusively on imported raw materials and to export the major

portion of their output. But even old-established undertakings are affected, and this is especially true of the chemical concerns in Bosnia, which are unable to find a market for their output at home and do not possess the requisite knowledge and experience of foreign markets. That the situation of the Yugo-Slav industries will still further deteriorate may well be inferred from the fact that in the meantime the agricultural crisis has reached such a stage that the Government is compelled to devote more attention to finding remedies for it than for the crisis in the industries which previous Governments had supported and protected in every possible way to the neglect of agriculture. (*Central European Observer*, July 30.)

With regard to the mining industry the difficulties are very great. The *Trgovinski Glasnik* of June 29 states that the rectification of the frontiers of Austria, Hungary and Trieste after the war caused a loss to the mines of Yugo-Slavia of their principal markets, in addition to which the output of the Bosnian mines has considerably decreased. The intense demand for coal during the immediate post-war period favoured the development of the mining industry, the output of the State and private mines for the period 1919 to 1924 being as follows: 1919, 2,226,298 tons; 1920, 2,865,881 tons; 1921, 3,435,928 tons; 1922, 3,726,087 tons; 1923, 4,111,548 tons; and 1924, 4,183,639 tons. It will thus be seen that during these five years the production was doubled. This increase was chiefly due to the rapid development of industries and to the improvement and development of means of communication. It is interesting to note that the increase in production was less pronounced in State mines than those under private ownership.

This situation persisted until the end of 1924, when a general industrial crisis supervened, and owing to a greatly diminished demand for coal the mines found themselves in a very grave situation. There was no improvement in 1925, and 1926 does not hold out much prospect of amelioration. Economies have been instituted in the mines personnel, but the situation remains grave. The administrative procedure of the State mines handicaps the sales and payments and so still further retards production. In 1925 the sales of English coal on the shores of the Adriatic and their hinterland helped to depress the demand from Yugo-Slavia.

Later reports show that there has been an improvement in the textile and glass industries, and also in sugar beet growing. New glassworks have been started at Zajecar, equipped to turn out both plate glass and bottles. In the textile industry all mills are working at full capacity in two shifts a day and it is probable that new works will be started, as 40 per cent. of the country's imports are textiles. The beet crop is estimated at 765,000 tons, and is expected to yield 85,000 tons of sugar.

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THE ECONOMIST'S BOOKSHELF

MODERN INVESTMENTS.

The Management of Personal Fortunes. By MARCEL CAVELIER. Preface by M. CHARLES RIST, Professor of Law in the University of Paris. (Paris: Libraire Delagrave XIII and 713. 1926. Price, Fr.30.)

Before the war two well-known French economists, Professor Paul Leroy Beaulieu and Alfred Neymark, both now deceased, published two works on the question of the management of personal fortunes: "The Art of Investing and Managing One's Fortune," by P. Leroy Beaulieu, and "What We Should Do With Our Money," by Alfred Neymark. It suffices to glance through these volumes to find out how the problem treated by these two authors has been modified since the war. The books of Leroy Beaulieu and Neymark are relatively small both in size and contents. The former of these two economists considered that small and moderate investors should make national public bonds and those of the big French railways the main basis of their investments. He recommended investments in securities at a fixed rate and in Government stock as offering the maximum guarantee. As for Alfred Neymark, he boldly declared for the acquisition of French bonds which, at the end of 1925, lost 85 to 90 per cent. of their gold value.

The war, the political and economic upheavals, and, above all, the monetary instability, have profoundly modified the problem of the management of personal fortunes. The French *rentier* can no longer buy, as he was wont to do, with his eyes shut, fixed income securities issued by France, by foreign countries, by the great railway companies or by the municipalities, and then put these securities into his portfolio and tear off the coupons when mature without further troubling himself. The political, economic, financial, monetary and fiscal conditions have all been greatly modified and have become very unstable. The choice of securities for the *rentier's* or capitalist's portfolio has become an extremely complicated matter. It is not enough merely to choose well; it is also necessary, in order to obtain the maximum of return and of security for one's capital, to follow day by day the modifications to which these securities are subject under the influence of different economic and political factors, to administer one's portfolio and to "make capital work." To do this successfully a most varied knowledge is required, particularly a knowledge of the organisation of the Bourse and of the different operations that are undertaken there.


It is therefore quite natural that the work on the problem of the management of personal fortunes that Marcel Cavelier has produced should differ from the two books on the same problem by M. Leroy Beaulieu and M. Alfred Neymark. This is a thick quarto volume of more than seven hundred pages and constitutes a veritable encyclopædia of the knowledge that an investor or capitalist requires for the management of personal property. Exchange questions occupy an important position in this book; the sub-title of the volume is actually the "Theory and Practice of Bourse Operations." Apart from the three sections especially devoted to the organisation of the Paris Bourse and to the Bourse operations, the other sections deal with: the definition of the different kinds of transferable securities; currencies and exchange; the composition of the French portfolio before and after the war; an explanation of the financial situation of France; and finally, the methods employed in making up and modifying a portfolio, the division of investments, the choice of a financial adviser, documents and accounts.

In the preface which he has written for M. Cavelier's book, Professor Charles Rist says: "The vast majority of people who save, even the best advised, are at pains to adjust their investments to the present circum-

stances, which are so complicated and unforeseen. It is not enough to adapt oneself intelligently to these circumstances and to keep well informed upon the main political and economic courses. In each particular case the decision demands an exact estimate of the qualities of the securities of each Government and the political and financial risks to which they are exposed, of the situation and outlook of the leading industries, the probable consumption and production of the main raw materials, not to mention the individual characteristics of each private enterprise and the capacity of the directors. In order to manage investments at a time when the conditions, both as a whole and separately, of various investments change so rapidly, one has to proceed with a spirit free from all routine and with a most varied and thoroughly up-to-date knowledge. Capitalists and investors who, like ourselves, have the happy idea of perusing the pages of M. Cavelier's book, will find there in the most convenient, condensed and concise form, the maximum amount of information that is required for the intelligent administration of their monies in these present troubled times.

As we have already said, the questions of the organisation of the Paris Bourse and of the operations thereon occupy the greater part of M. Cavelier's book. In the chapters specially devoted to these questions the author presents a clever defence of the speculative operations and of transactions on credit and shows why it would be wrong to confuse such operations with a game of chance. There is no possible similitude between scientifically conceived speculation and the gambling in the casinos or on the race-courses. Whereas gambling is parasitical and altogether useless, speculation is one of the principal bases of bourse activity. Speculation feeds the settlement market, and M. Cavelier demonstrates the numerous advantages which the settlement market presents not only for the capitalists but also for the general economy of the country; large emissions of Government or industrial stock would generally not be realisable if the settlement market did not exist to absorb a portion of the issues under the form of shares on the market. The author instances the case of the Tanganyika Concessions Company. Speculation, which since 1899 had shown a blind faith in this stock, has permitted vast capital to be collected, and it is only recently that portfolios have become interested in these shares and that a part of the shares on the market have been transformed into definite investments.

M. Cavelier explains in detail the Bourse transactions which capitalists may follow for the management of their investments and to employ their available funds. These transactions enable the fixed portfolio of former times to be transformed into a modern active portfolio: changes of investments, temporary placements in speculative stock and in contangoing, subscriptions to fresh issues, transactions of option stock, participation in syndicates, etc. M. Cavelier has enjoyed a particularly wide experience in option stock operations. He is a specialist in this branch which he has now practised for twenty years. He has accordingly devoted a considerable portion of his work (80 pages) to the general theory and practice of option stock transactions in the rising and falling markets, double option and English option transactions conducted at the Paris Bourse. The exposition of this question is very complete and very clear, and is also illustrated by examples which still further facilitate an understanding of these operations, which all profession brokers naturally know, but of which most capitalists and investors in France are ignorant. P. A.

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

BASTIAT AND FREE TRADE.

Bastiat and the A B C of Free Trade.—Translated from the writing of Frederic Bastiat and edited by Lorenza Garreau. (London: T. Fisher Unwin, Ltd. Price 3s. 6d.)

The fiscal controversy still looms large in the public life of the United Kingdom. The system under which our industries flourish or languish may be described as one of free trade modified by certain specific legislation which is grouped mainly under three heads.

1. McKenna Duties.
2. The Dye Stuffs Act.
3. The Safeguarding of Industries Act.

The Dye Stuffs Act has given rise to little controversy. The McKenna duties have been subjected to repeal and re-enactment. A raging propaganda partly inspired by interests directly concerned accompanied the legislative changes. The Safeguarding of Industries Act operates with a large measure of acquiescence. Its operation has to a large extent shifted the initiative from the House of Commons to a departmental Committee. On this and on other grounds it has been strictly criticised. Under these circumstances the republication of a careful selection of Bastiat's writing is particularly timely and welcome.

As its title suggests the A B C of Free Trade attempts nothing more than to introduce the reader to simple fundamental facts concerning commercial transactions. The diffusion of simple truths on the most complex subjects stimulates thought and directs it into satisfactory channels. Bastiat's comprehensive method and careful observation dispose of those numerous protectionist fallacies which always emerge whenever and wherever discussion of the subject takes place. Discredited theories based on half truths can be made peculiarly attractive. The continual resurrection of ideas which have long received their death blow necessitates constant reburials. This publication performs the obsequies with dignity, urbanity and firmness.

One of the most convincing chapters in the book deals with peculiar and incorrect terminology with which protectionists attempt to frighten their fellow countrymen. The explanation of what in truth invasion, inundation and tribute imply and what meaning protectionist propagandists apply to these words is a masterpiece of clear reasoning and lucid expression. The book abounds in both satire and humour—delightful flashes of wit, pointed, incisive and illuminative. Bastiat's style and arrangement are well suited to the subject. His masterly handling and comparison of contending issues are the work of a well stored and well balanced mind.

Eighty years have elapsed since Bastiat's day. These years have witnessed many political and industrial changes. The development of the statistical method has tended to simplify the handling of industrial themes. Yet Bastiat is not out of date. Commercial transactions though speeded up remain in essence unchanged. If we wish to acquire the equipment which will enable us to understand present-day problems we cannot do better than to examine the principles enunciated in the controversies of an earlier period. D. M. S.

PUBLICATIONS RECEIVED.

Modern Business—The Business Man in Society. By Leon C. Marshall and Mildred J. Wiese. (London and New York: Macmillan & Co. Ltd. Price, 7s. net.)

Modern Finance and Industry. A plain account of the British Financial System and of its functions in Relation to Industry and Commerce. By A. S. Wade, City Editor of the *Daily News* and *Star*. (London: Sir Isaac Pitman & Sons, Ltd. Price, 5s. net.)

The American Task in Persia. By Arthur C. Millsbaugh, Administrator-General of the Finances of Persia. (London: T. Werner Laurie, Ltd. Price, 15s. net.)

The Dominions and Colonial Offices. By Sir George V. Fiddes, G.C.M.G., K.C.B., Permanent Under-Secretary of State for the Colonies, 1916—1921. (London and New York: G. P. Putnam's Sons Ltd. Price, 7s. 6d. net.)

The Government of the United States. By William Bennett Munro, Ph.D., LL.B., Professor of Municipal Government in Harvard University. Revised Edition. (London and New York: Macmillan and Co. Ltd. Price, 16s. net.)

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.

1920.			1921.			1922.			1923.			1924.			1925.			1926.											
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.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.									
Jan. 16	367.9	296.6	Apr. 20	198.5	162.0	Jan. 16	174.8	171.0	Jan. 16	174.8	171.0	Apr. 16	148.1	143.6	Jan. 16	174.8	171.0	Apr. 16	148.1	143.6	Jan. 16	174.8	171.0						
May 14	391.2	325.5	July 20	177.3	156.5	Feb. 13	175.2	168.9	Feb. 13	175.2	168.9	May 21	150.2	144.9	May 14	391.2	325.5	Mar. 13	172.8	166.3	May 21	150.2	144.9	May 14	391.2	325.5	Mar. 13	172.8	166.3
July 16	418.8	316.9	Oct. 19	166.0	158.1	April 17	161.9	162.5	April 17	161.9	162.5	June 18	151.7	146.5	July 16	418.8	316.9	April 17	161.9	162.5	June 18	151.7	146.5	July 16	418.8	316.9	April 17	161.9	162.5
Dec. 17	257.0	263.8	1924.			May 15	158.7	159.0	May 15	158.7	159.0	July 16	153.9	148.7	Dec. 17	257.0	263.8	May 15	158.7	159.0	July 16	153.9	148.7	Dec. 17	257.0	263.8	May 15	158.7	159.0
1921.			Jan. 18	178.6	165.4	June 19	160.6	157.6	June 19	160.6	157.6	Aug. 20	155.8		Jan. 14	244.2	245.9	June 19	160.6	157.6	Aug. 20	155.8		Jan. 14	244.2	245.9	June 19	160.6	157.6
Jan. 14	244.2	245.9	Feb. 15	187.9	167.0	July 17	160.3	157.5	July 17	160.3	157.5	" 27	154.7		Apr. 15	202.8	204.8	July 17	160.3	157.5	" 27	154.7		Apr. 15	202.8	204.8	July 17	160.3	157.5
Apr. 15	202.8	204.8	Mar. 14	182.1	165.4	Aug. 14	158.6	157.0	Aug. 14	158.6	157.0	Sept. 3	154.8		July 15	194.4	194.1	Mar. 14	182.1	165.4	Sept. 3	154.8		July 15	194.4	194.1	Mar. 14	182.1	165.4
July 15	194.4	194.1	Apr. 18	177.5	164.7	Sept. 18	158.3	156.0	Sept. 18	158.3	156.0				Oct. 14	170.2	180.7	Apr. 18	177.5	164.7				Oct. 14	170.2	180.7	Apr. 18	177.5	164.7
Oct. 14	170.2	180.7	May 16	171.2	163.7	Oct. 16	154.1	154.8	Oct. 16	154.1	154.8				Dec. 16	153.2	167.9	May 16	171.2	163.7				Dec. 16	153.2	167.9	May 16	171.2	163.7
Dec. 16	153.2	167.9	June 20	167.8	162.0	Nov. 13	153.2	153.7	Nov. 13	153.2	153.7				Dec. 30	150.0	150.0	June 20	167.8	162.0				Dec. 30	150.0	150.0	June 20	167.8	162.0
Dec. 30	150.0	150.0	July 18	167.1	162.6	Dec. 18	153.0	153.2	Dec. 18	153.0	153.2				1922.			July 18	167.1	162.6				1922.			July 18	167.1	162.6
1922.			Aug. 15	175.3	165.2	1926.			1926.				Jan. 20	144.0	164.0	Aug. 15	175.3	165.2				Jan. 20	144.0	164.0	Aug. 15	175.3	165.2		
Jan. 20	144.0	164.0	Sept. 19	167.9	166.9	Jan. 15	151.6	151.3	Jan. 15	151.6	151.3				May 19	162.1	160.6	Sept. 19	167.9	166.9				May 19	162.1	160.6	Sept. 19	167.9	166.9
May 19	162.1	160.6	Oct. 17	172.5	170.2	Feb. 12	148.4	148.8	Feb. 12	148.4	148.8				July 14	165.1	160.3	Oct. 17	172.5	170.2				July 14	165.1	160.3	Oct. 17	172.5	170.2
July 14	165.1	160.3	Nov. 14	173.3	169.8	Mar. 12	146.1	144.4	Mar. 12	146.1	144.4				Sept. 15	161.2	154.3	Nov. 14	173.3	169.8				Sept. 15	161.2	154.3	Nov. 14	173.3	169.8
Sept. 15	161.2	154.3	Dec. 12	171.7	170.1										Dec. 15	161.2	155.8	Dec. 12	171.7	170.1				Dec. 15	161.2	155.8	Dec. 12	171.7	170.1
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
" 27	83.7	174.2	60.4†	118.4	88.8	103.1	101.4	124.1	98.5	78.8	103.14	" 27
Sept. 3	83.7	174.7	60.4†	112.3	90.3	103.1	101.4	131.2	96.3	78.8	103.22	Sept. 3

† Nominal. * Revised Quotation.

SECURITY PRICES.

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

IN NEW YORK.				IN LONDON.			IN NEW YORK.				IN LONDON.	
Week ending	Indus- tri-als.	Bonds.*		Indus- tri-als.	Gilt edged.		Week ending	Indus- tri-als.	Bonds.*		Indus- tri-als.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7		1925, Jan. 3	150.7	101.6		133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6		" 17	151.8	101.9	137.8	137.8	117.5
Aug. 20	<i>80.3</i>	90.4		105.4	93.3		June 6	158.2	105.3	128.0	115.3	115.3
Oct. 29	91.1	92.0		<i>91.1</i>	94.4		" 27	160.0	104.7	123.7	<i>113.0</i>	<i>113.0</i>
1922, Jan. 1	100.0	100.0		100.0	100.0		July 18	165.9	103.2	<i>120.4</i>	115.5	115.5
May 13	114.6	102.4		114.9	117.9		Aug. 1	165.8	<i>101.5</i>	122.2	115.7	115.7
Sept. 16	123.8	107.6		115.2	112.5		" 22	176.2	102.5	126.3	117.3	117.3
Oct. 7	123.9	106.1		113.3	<i>111.7</i>		Dec. 19	188.9	103.3	130.6	112.8	112.8
1923, Jan. 1	121.7	102.5		119.5	113.3		1926, Jan. 2	195.5	103.6	133.3	113.0	113.0
Mar. 17	129.2	98.5		129.3	117.0		" 9	196.1	103.6	135.1	113.1	113.1
" 24	127.3	<i>97.8</i>		129.0	118.1		Feb. 13	199.9	104.9	132.0	114.8	114.8
Apr. 28	124.1	99.3		137.9	122.8		Apr. 17	<i>168.7</i>	106.9	121.8	113.3	113.3
June 9	119.7	100.8		130.6	123.5		May 1	176.8	107.6	122.6	114.7	114.7
Oct. 27	<i>105.7</i>	99.7		126.5	119.7		" 8	172.9	107.2	<i>119.5</i>	<i>112.5</i>	<i>112.5</i>
1924, Jan. 1	117.4	98.4		121.3	114.5		Aug. 14	205.5	106.3	123.9	113.5	113.5
" 19	119.1	100.1		119.1	<i>112.2</i>		" 28	199.6	106.4	128.6	112.7	112.7
June 21	115.3	103.3		<i>118.2</i>	118.0		Sept. 4	201.9	106.7	128.2	112.5	112.5
Nov. 8	130.1	103.7		133.7	120.4							

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

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