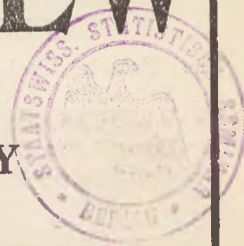


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COMMENTS

In an otherwise excellent leading article called "The Russian Object Lesson" in the *Times* of Wednesday, the 15th instant, the bewildering announcement is made that Russia is to return to Integral Communism. We do not know of course on what information this assertion is based, and the *Times* is careful enough to remark that it is only true if the latest messages are correct. We have been following Russian developments very carefully and we must say that so far we have discovered nothing that would warrant the suggestion made in the *Times* leading article. It is true that the Communist Party is torn by dissensions. Further, it is true that the opposition which demands the return to Communism is exceedingly strong, but neither the Russian Press nor the reports of persons who have recently visited Russia contain the slightest indication that the opposition is winning or is about to win the struggle in which it is engaged with the Stalin Group and with the more moderate elements. Reports from Russia have always been rather contradictory and therefore it is easy to put a misconception on them. It seems, however, that life is compelling the Bolsheviks gradually to adopt more civilised methods of Government and that not even the wildest communists could genuinely believe that the return to the system abandoned in 1921 is humanly possible. We have frequently expressed the belief that the struggle which is going on within the Communist Party will in the long run benefit the people of Russia and we still believe that Communism is gradually losing the firm grip it had acquired in the period 1918-1921.

ONCE again the Inter-allied Committee which represents the former foreign oil interests in Russia has entered its energetic protest against the conclusion of an unconditional economic agreement between Belgium and Soviet Russia. As an essential preliminary condition it demands the recognition by the Soviet Government of Russia's debts and the restitution of confiscated property to its legal owners. In a recent circular sent to its members, the Committee emphasises the fact that even if Russia is not in a position to pay her creditors in cash, she certainly could return to them the property of which they have been robbed and which, in the case of Belgium, consists mainly of public utility corporations, factories and mining concessions. "If she doesn't do it" (i.e. retribute), says the circular, "it is because she does not wish to do so." To make an agreement with Russia with a view to future hypothetical business would be foolishness and self-delusion, it is urged, and would sanction the definite loss to Belgium of 3½ milliard gold francs of Belgian capital invested in Russia.

The whole question of Russia's foreign indebtedness is a very intricate one and we propose to return to it in one of our next issues. It must be said, however, that Belgium has a particularly strong claim, since the greater part of its capital invested in Russia was used for the development of Russia's economic resources and for the creation of public utility undertakings so indispensable to every modern State. Thus nearly all the tramway companies operating in the large cities were Belgian-owned or of Belgian origin, and also many

electric power stations, gas works, etc. Therefore it is hardly possible even for the Soviet Government to reject Belgium's well-founded claim on the ground that Belgian financiers supported "militarism" and "Czarism" in Russia.

THE serious effect on overseas trade caused by the coal stoppage is plainly shown in the Board of Trade Returns for the past month. These indicate that as compared with August 1925, imports increased in value by £9,329,000, of which increase imports of coal accounted for £7,541,000. The quantity of coal received during the month amounted to 3,970,442 tons at an average price of 38s. per ton, against 2,320,000 tons at an average price of 35s. 9d. per ton in July last. The quantity received in August 1925 was only 1,021 tons. British exports fell during August in value by £11,251,000, coal being responsible for £3,157,000, iron and steel for £1,946,000, and cotton goods for £3,810,000 of this decrease. Compared with last July, in which there were two working days more than the past month, imports rose in value by £777,000. British exports fell by £7,477,000, the decline being due to the decreased export of manufactured articles. Re-exports were lower in value by £879,000. The apparent adverse balance of trade, leaving out the movements of bullion and coin, was for the month £42,710,000, against £17,200,000 in August 1925, and £33,577,000 in July last, and for the eight months £273,837,000, against £246,868,000 in 1925, and £189,172,000 in 1924.

THE Secretary of the London Iron and Steel Exchange, in his weekly report, states that conditions in the iron and steel trades have improved somewhat, and the tone at the weekly meeting of the Exchange was more optimistic than for some weeks past. To a great extent this is due to the better outlook in the coal position, but there has been also more interest shown in the market by buyers. There is still considerable difficulty experienced in obtaining pig iron or steel materials for delivery before November. Only small quantities of British pig iron are being produced, and these are sold at high prices. Continental producers have also advanced their quotations, and state that they have been compelled to this course by the increased costs in wages, etc., arising from the low exchange value of the franc. The demand for semi-finished materials for working up in British mills continues active, but supplies appear limited and insufficient to meet the demand, which is principally for delivery within a few weeks. In some cases, premiums have been offered for early delivery, but without success. In the finished steel department, there has been some buying by exporters, chiefly for the Eastern markets. The British works which are in the market have generally advanced their prices, while the continental works quotations are generally higher, although there is a wide disparity in the prices quoted both by continental works and by merchant re-sellers. Several thousand tons of sectional steel material have been bought during the last few days, including a good tonnage of joists for export to the East.

THE foreign trade of the United States in July showed an export balance for the third consecutive month, succeeding unfavourable balances in each of the first four months of the year. The export balance of \$31,000,000, while not large when compared with the monthly average for recent years, was unusual for the month of July, when exports are usually approximately at the lowest level of the year. Merchandise exports for the month, valued at \$369,000,000, were \$29,000,000 larger than in the previous year, and were the largest for any July since 1920. Imports valued at \$338,000,000, were also the largest for July of any year since 1920, and were \$12,000,000 above those of a year ago. A considerable part of the increase in exports, compared with July 1925, was due to substantial increases in the shipments of wheat and bituminous coal. Coal exports were approximately double those of the previous year, and are attributed largely to the effects of the coal strike in Great Britain. The increased exports of wheat are attributed to small stocks in importing countries following very light shipments during previous months from the United States and other exporting countries. The quantity of crude rubber and raw silk imported in July was above the relatively high level of the previous year.

THERE are indications that the economic crisis in Germany is gradually relaxing. Recent ministerial statements, though guarded in tone and matter and far from being extravagantly cheerful, clearly show that an improvement has set in and that further progress may now be expected. Speaking before the Congress of the German Federation of Industrialists at Dresden, Herr Reinhold, Minister of Finance, expressed the opinion that the financial year would probably close without a deficit, in spite of the tax reductions. On another recent occasion he held out hopes of effecting further reductions in the lower categories of the income-tax. The agreement concluded with the Agent-General for Reparation Payments has appreciably relieved the burden of the German Budget for the ensuing three years, and this alone will cause a favourable reaction in the national economic life. The German Government has to a large extent adopted the recommendation of the industrialists presented in their memorandum some months ago. Tributary relief has already been effected, and the Government intends to carry out the recommendations respecting administrative reform, both Federal and municipal, as well as those advising a sound policy of commercial treaties with foreign countries. The industrialists themselves have meanwhile been active in reorganisation, the benefits of which are already beginning to be felt. There is also, it seems, a possibility that Germany may shortly introduce gold coinage into circulation, this view being strengthened by Herr Reinhold's remark that a measure might soon be taken proving to the world the soundness of the German currency.

A VALUABLE document has just been issued by the League of Nations, reviewing the outstanding features in the general currency conditions during 1925 and the early part of the present year. This Memorandum on Currency and Central Banks shows that the gold standard or an adaptation of it has now been adopted by more than 30 countries, whilst there are still 19 countries which have yet to pass definite currency legislation. The general tendency of rates during the period under survey has been to move downwards and a characteristic feature of the past twelve months has been the gradual contraction of the hitherto big difference between the money rates of western and central Europe. Some noteworthy examples of the downward movements are given. At the end of 1925 monthly advances in Germany were at but 10 per cent., whereas at the beginning of 1924 they cost more than 20 per cent. At the close of the first half-year in 1924 day-to-day

cash was offered in Hungary at rates ranging from 20 to 28 per cent., but by the end of 1925 the rate had fallen to between 7 and 9 per cent. The fact that the former high rates, which were due to stringency caused by inflation, have fallen so considerably is in itself a very welcome sign of general monetary improvement. The document referred to above is the first of a series the issue of which is required by the preparatory committee of the International Economic Conference which the League of Nations will shortly summon. This series should prove of great value to all interested in the world's general economic and financial development.

MR. LOEWENSTEIN'S offer of fifty million dollars to the Belgian Government has been widely commented upon in the foreign press and has given rise to many wild rumours. It seems incredible that the Belgian financier actually made his offer in the form in which it was described by the press, for in the outline given to the public, the scheme simply means a tremendous franc speculation at the expense of the Belgian Treasury. The latter would have to carry all the burden of the transaction while Mr. Loewenstein would derive all the benefit and would be placed in the position of subjecting practically the whole of Belgium's industry and her railways to his control.

While it may be quite true that Mr. Loewenstein's "patriotic" offer was aiming at this end, it is hardly likely that he would have made such a clumsy start. After all, the late Herr Stinnes also took full advantage of his country's financial difficulties to put his hand on most of her industries, but he did not shout about it at all the street corners! We therefore believe that there must have been something of a different nature at the back of Mr. Loewenstein's mind when he advertised throughout the foreign press his obviously unacceptable offer. Further developments will show, we hope, what the Belgian financier was aiming at and will throw some more light on this extremely interesting episode.

WE regret to announce the death of Sir Ernest Maes Harvey, the well-known banker, which took place last Monday night following an operation, and after a prolonged illness. Sir Ernest was born at Ipswich on January 1, 1872, and at the early age of 22 he became a partner in the firm of Clare and Harvey, bankers. In 1904 he joined the firm of Allen, Harvey and Ross, bill and discount brokers, of George Yard, Lombard Street, and at the time of his death was its senior partner. Sir Ernest was held in high esteem in the City, and had a reputation for a shrewd and penetrating judgment in money matters. His kindly assistance will be remembered by many who had occasion to seek his advice. Sir Ernest was knighted in 1920, and for several years prior to that date he had rendered invaluable services in solving some of the complicated financial problems which confronted post-war Europe. During the financial troubles in the City in the early days of the war his manifold financial abilities attracted notice, and he was not infrequently consulted by the Treasury. After the Armistice was signed he served as Treasury representative in Archangel in connection with the temporary issue there of rouble notes convertible into sterling, in an effort to provide a reliable means of payment in face of the collapse of the Russian rouble. In 1919 he was selected to be the financial adviser to the British representative on the Inter-Allied Rhineland Commission. In 1920 his services were again secured as Inter-Allied Financial Adviser to the Austrian section of the Reparation Commission. In recognition of his services in Austrian reconstruction, he was appointed honorary Consul-General for Austria at the commencement of 1925. In addition to his connection with the firm of Allen, Harvey and Ross, Sir Ernest was a director of the Anglo-Austrian Bank, Limited, of the Banque des Pays de l'Europe Central, and of the British Columbia Electric Railway Co., Limited.

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 FRENCH COAL-MINING AND METALLURGICAL INDUSTRIES.

By M. PAUL APOSTOL.

The discussions on the conclusion of an international metal industries entente that took place in Paris at the beginning of this summer, but which led to no result, have once again drawn attention to the coal mining and metallurgical situation of France. The question concerns the branch of France's economic activity that has been greatly transformed on account of the war, the victory of the Allies and the general economic and financial situation of the post-war epoch. It is also the most important branch of economic activity from the point of view of the industrial future of the country.

In this article the coal mining and metallurgical situation of France, as at the commencement of the present year, will be briefly explained, the exposition being based mainly on the two studies that M. André Fraigneau and M. H. Laufenburger have recently devoted to this question.

In the first place we submit some statistics of the French production, importation and exportation of pit-coal and metallurgical products.

The total output of pit-coal (excluding the Lorraine fields) in 1913 was 40,844,000 tons; in 1925, 42,776,000 tons. Adding to the pre-war figure of production that of the Lorraine pits the total pit-coal output for 1925 would be 48,055,000 tons.

French exports and imports of coal, coke and residue in 1925 are shown below (in thousands of tons):—

Exports.				
Pit-coal	...	...	...	2,128
Coke	...	...	...	425
Residue	...	...	...	143
Total equivalent of crude coal				2,808

Imports.				
	Total.	From Great Britain.	From Germany.	From the Sarre.
Pit-coal...	23,101	9,937	5,518	4,804
Coke ...	5,083	9	4,115	79
Residue ...	1,261	168	388	—
Total equivalent of crude coal				30,843

The siderurgical production for 1913 and 1925, including (for 1925) that of Lorraine, compares as follows (in thousands of tons):—

	Mineral Iron.	Cast Iron.	Steel.
1913 ...	19,978	5,207	4,960
1925 ...	36,578	8,472	7,415

The production of Lorraine was:—

	Cast iron.	Steel.
1913 ...	3,870	2,263
1925 ...	3,200	2,500

French exports of iron and iron products in 1925 were recorded as shown below (in thousands of tons):—

Mineral iron ...	9,227	Automobiles ...	48
Cast iron ...	706	Tubes and piping ...	52
Steel ...	2,424	Metal constructions...	83
Scrap iron ...	419		

It will be seen that the pit-coal output of France, even if the production of the partitioned Lorraine area be deducted, exceeded in 1925 that of the pre-war year by nearly 2 million tons. The total production (including that of Lorraine) was 45 mill. tons in 1924 and 48 mill. tons in 1925. In 1919—the first year of the post-war period—the output was only 22,441,000 tons. The

last two figures give a measure of the vast work of reconstruction that has been accomplished by France. Immediately following the war the mines of the North were only able to supply the country with 18 per cent. of their pre-war output; the Pas-de-Calais fields, still more greatly damaged by the ravages of the enemy, could accomplish no more than 10 per cent. of their 1913 tonnage. In 1925 the mines of these two *departements* yielded more than 28 mill. tons, or over a million tons in excess of the 1913 output. M. André Fraigneau is perfectly right in affirming that there could be no better example of French tenacity, energy and competence. The enormous labours of reconstructing the unfortunate mines necessitated expenditure that has run into milliards. The first estimate of the damages caused by the enemy to the French coal-pits (direct material damage and not indirect damage occasioned by stoppage of production, etc.) was provisionally given in 1921 at 4,824 millions of francs and was later reduced and definitely fixed at 3,500 millions.

By adding the total imports to the figure of production and then deducting the volume of exports one arrives at the figure of 75.6 mill. tons as representing the total consumption in France in 1925. The home production in 1925 thus covered 64 per cent. of the consumption. The progress realised by the production of the French coal-mining industry has not been due solely to the reconstitution of the coal-fields but also to the technical revolution in the mines and to the realisation of means for economising in coal. It is not possible in these columns closely to examine into these questions, but readers would do well to refer to special studies, such as the article by M. Stouvenot, chief engineer of mines, that appeared in the review, *Science et l'Industrie*, and to the article by M. Peyerimhof, president of the Central Committee of Mine Owners of France, which appeared in November 1925 in the *Revue de Paris*.

In spite of the important progress achieved by the French production, the output is, as has been shown, still insufficient to meet the entire requirements of the country. In relation to her metallurgical wealth France still lacks sufficient coal, more particularly in respect to fuel for the metal industries. While the French blast furnaces required over 10 mill. tons of coke in 1925, only about 5½ mill. tons (or 1 mill. less than in 1913) were produced in France. Imports exceeded 5 mill. tons, of which 411,500 tons were supplied by Germany. During the next five years the French metal industries will still receive from Germany consignments of coke to the indemnity account, but after the expiration of this period the dependence of the French industry upon foreign countries may involve serious inconveniences. This dependence assumes a double form—the need of coal and the necessity of assuring to the French metal industries the markets of sales abroad. In fact, after the French production was enriched by the mines and metal factories of Lorraine, the French market became incapable of absorbing the production of the country. The present development of exports is largely due to the low rate of the franc. M. Henry Laufenburger, in the study I have mentioned above, says on this subject: "The prices quoted for exports show that France sells her metallurgical products abroad at a 20 per cent. cheaper rate than in 1913. The loss of substance which results from this puts into full relief once more the impoverishment resulting from the malady of the exchange."

A permanent solution of the difficulties in which the French metal industries are engulfed can only be found in an entente between the different countries interested, in an entente under the more general form of commercial

agreements and under the more special form of agreements between the metal manufacturers of the different countries.

Before all, France ought to make some arrangement with Germany in this particular branch. M. Henry Laufenburger says in regard to this matter: "As long as the chief interested parties, the metal manufacturers of Lorraine, Westphalia and the Sarre, do not reject the basis of an entente in the form of a stable commercial treaty, it will be useless to conceive vaster projects, such as those of the contingent of the entire siderurgical production of Western Europe, which has of late been so often discussed."

It is known that the negotiations of France with Germany are still being carried on and have not yet led to any definite result.

THE WORLD ECONOMIC CRISIS AS MORAL CRISIS.

By AUGUST M. DORWAGEN.

The world war, which lasted much longer than was universally anticipated, and in which both economic and military efforts of the most intense nature were exerted, has affected the neutral countries, more or less, as well as the belligerent peoples, whether by the direct operation of the hostilities or by that of the economic war which is still being waged.

All the efforts put forth since hostilities ceased for the purpose of establishing a real peace by means of world conferences, international treaties, alliances and agreements have so far not merely led to nothing fundamental, but have rather helped to create a more unsettled and more unsatisfactory situation and to embitter the relations between nations and individuals. Although we are constantly reading specious statements to the effect that the relations between this and that nation, or in this or that alliance, are excellent, such statements—couched, as they generally are, in all too flattering terms—are far from indicating the existence of any really sound foundation on which mankind can with perfect confidence depend.

The severities and difficulties of the war itself imposed both upon the combatants in the field and the non-combatants left at home a training and habit of thought, unlike anything in their previous experience. The spirit of egoism, at least, has been so widely disseminated and become so obstinately rooted that it has changed the character of peoples and even of individuals.

The great alliances, parties, unions and associations of other days have been shattered by the world war, so that their salutary objects, which were formerly largely attained through union, cannot to-day be brought anywhere near fulfilment. Corruption, on the other hand, has become so widespread that legislatures have been forced to enact a host of different laws in order to combat it.

All nations, more or less, are now striving hard to dig themselves in behind Chinese walls with the aid of import and export prohibitions, high tariffs equivalent to prohibition, and the manipulation of capital and population—more thoroughly than in the trenches during the war. According to the nature of the position thus secured, the step is—just as in the episodes of the war—merely temporary. According as it may be to a country's advantage, in order the better to protect itself economically against another country, or to secure the greatest possible advantages at another country's expense, more stringent measures are ruthlessly applied, just as strategy was employed in the field. As among nations so among men: nowadays, merely for the sake of being able to live better or more comfortably, or of recovering their financial position the sooner, weapons are employed which are unknown to economic theory.

With the unremitting boring and undermining incident to such an economic struggle it is very far from possible to make good, so far as is humanly obli-

gatory, what was destroyed by the war, so that at least the beginnings of a spirit of contentment may be ensured.

Taken in the mass, people are merely living under the compulsion of hoping for better times in future, of allowing the present to pass by fruitlessly, and of resting satisfied—or being pleased or even happy—that they can still live or be permitted to live at all—a state of things which may lead to further, and much more dangerous, experiments than we can yet imagine. It is to this that the world war has brought mankind.

The first condition of economic rehabilitation is a moral rehabilitation, and it is just this, unfortunately, that is disregarded throughout the world. People constantly talk as if such sad and bitter times had been inevitable and as if these were the decree of fate. It is forgotten that it is men themselves who are responsible. If wrong was done before, and the catastrophe could not be prevented in time, now at least, at this advanced hour, it is absolutely vital, if the calamity is not to be made worse, that a halt shall be called, that feelings and rights shall not further be injured, and that sentiments of humanity shall be fostered and strengthened.

Unemployment exists more or less throughout the whole world, while production in general—and chiefly of half-finished and finished products—has greatly decreased as compared with pre-war figures. Consumption has fallen off considerably all round and is estimated at over one-third. Prices, on the other hand, have risen enormously since before the war, while wages and the possibilities of profit are very far from approximating to them.

How is it possible to look for consumption when the capitalist wants to make good profits through high prices and low wages, and exercises his power as capitalist over the helpless poor without any consideration and merely for the sake of doing good business? It is not unusual to find to-day that in a producing country higher prices must be paid for its own products than in countries which import them, the capitalist placing their goods there under dumping conditions in order not to lose a foreign market, thus carrying on their competition at the expense of the home consumer.

Active consumption is possible only if prices are reduced to a minimum and the working classes are fully occupied at good wages.

One result of the world conflagration was to carry most of the gold in existence to America, but to-day that part of the world, although flooded with money, has nevertheless no longer the same volume of consumption as before the war. The disposal of her products is now only partially possible, although the greatest efforts are devoted to this purpose, and although America, as the largest creditor of Europe, to-day possesses great facilities for imposing her economic dictates on that part of the Old World and of protecting her own interests most rigidly and regardless of those of others.

Measures of such a nature as to hamper the movements of commerce, capital and even population are not true economic solutions of a world-wide nature for the purpose of increasing production and safeguarding consumption. On the contrary, they lead to embitterment and the stirring up of antagonism among men and, consequently, among nations, and to a never-ending war of destruction which will exhaust the ultimate energies of humanity.

The principal obstacles to the reconstruction, revivification and regularisation of economic conditions throughout the world are without doubt the war indemnities which the different countries are demanding of one another, but so far the complicated computations involved in them are still far from reaching an end.

The worst imaginable complications between nations, as well as between individuals, have originated from the seizure of foreign properties, the destruction of livelihood, house and chattels and the flight of so many millions of families who were torn from their homes—

such of them as got off with their lives—with a mere bundle of belongings, to wander about the world in the hope of finding some patch of ground where, if only for a brief space, they might have peace.

It is a first duty of all the countries concerned, precisely in regard to this question of war reparations, to lower them to the smallest possible figure—and this even in their own interests—and to get rid of them entirely at the earliest possible moment. So far as can be seen at present, the debts which these countries have imposed upon one another will not be extinguished for 60 years. Such a burden, such distress and such suffering, combined with the pressure of so many taxes, can hardly be imagined as possible for so long a period.

Were so many generations, living in such terrible misery, prevented from making any cultural, moral or material progress, large numbers of men being thereby forced to wander forlorn about the world, this might be accompanied by extraordinary social disorders of every sort and exercise a calamitous effect upon the whole human race.

The human understanding entirely refuses to conceive of such a heavy and widespread burden being borne so long. Can it be possible that the nations contemplate the perpetuation of such conditions?

A return to human reason, human feeling and human charity is, in the interests of humanity, vitally necessary. A liberal cancellation of war debts is the sole key to reconstruction throughout the world, and from a far-reaching reciprocal accommodation of that nature there will follow the great moral rehabilitation among the nations themselves for which humanity longs.

A further moral rehabilitation of the individual nations is also necessary, and this can only be brought about by an inquiry into the wealth of all the inhabitants of a particular country.

Every individual should be examined by legal commissions as to how much property he owned before the war and how much he owns to-day. Innumerable persons became rich overnight during the war, while others, who had earned all they had honourably during their whole lifetime, are now on the streets. It is immoral that the majority, who before the war had position and property, are unable to protect themselves from the most bitter privation, while the others—the minority—who before the war had no property at all, should have enriched themselves on the graves of so many fallen and through the shedding of so much blood.

All such wealth as has not been acquired by honourable and reasonable service ought to be transferred to the State Treasury, in order that those who have lost their honestly earned property and are now in penury may have it restored to them. It is a vitally important and democratic task for every nation to take capital of this kind into consideration, and to carry out compensatory measures among individuals in this way. Such a course could not give rise to dissatisfaction or discontent, for justice would have been done.

With the property of the nations and of individuals regulated in this equitable manner, the inevitable result would be an increasing consumption with expanding production and the "moralisation" of men throughout the world.

If such a moral rehabilitation should not be brought about, then the whole world war, by which so much blood was spilt and so many millions of robust young men sent to their death, would mean nothing more than that a handful of men had been furnished with a favourable opportunity of enriching themselves.

The *Eco Della Stampa*, Corso Porta Nuova 24, Milan, Italy, reads all the daily and periodical papers of Italy through its agency. It was founded in 1901, and since that year has enjoyed the ever-increasing esteem of the public, which is able to appreciate its very valuable work. Its service of press cuttings will be of assistance to the diplomat, politician, business man, artist, or writer in his studies and work, since he is kept, without worry or exertion, in touch with the intellectual, artistic, literary, scientific, industrial, commercial and financial movements throughout the world at very small cost and in the fullest manner. Terms of subscription will be sent on receipt of your card.—*Adv.*

AIR TRANSPORT IN EUROPE.

According to the National Bank of Commerce in New York in its August issue of *Commerce Monthly*, the vital importance of aircraft to national safety has been the controlling factor in the development of commercial aviation in Europe.

As the convincing demonstration of aircraft possibilities during the war took place in Europe it is perhaps natural that aircraft should be closely associated in the European mind with military operations. Since the armistice all phases of aeronautical activity have been under close government supervision.

Under these conditions it was not to be expected that non-military flying should have the same spontaneous growth in Europe as occurred in the United States. Commercial aviation there has had to be more highly organised and stable to meet the requirements for government aid and has usually taken the form of service on schedule between established bases.

Great rivalry exists between the different countries in the exploitation of international lines, while all internal traffic is usually restricted to nationals. The larger nations are pushing their international lines further and further afield to establish quick communication with regions where they wish to enlarge their political and commercial influence and advertise national aircraft products. Germany affords the key to the present European situation. With the air forbidden to purely military craft, the Germans have turned their aeronautical energies to commercial aviation in the growing belief that through aviation they can regain much of their former political and commercial prestige. Although handicapped by allied restrictions, Germany has established herself in a dominant position in European aeronautical affairs and recently successfully negotiated the removal of the last of the allied limitations on purely commercial aircraft.

French aircraft factories are working at top speed, chiefly on government and export orders, as domestic commercial demand is far from contributing effective support. Approximately 250 planes are in use in air transport, which at a depreciation rate of 25 per cent. would require annual replacement to the extent of 50 or 60 planes, compared with an estimated production in 1925 of more than 3,000. Government control of aeronautical activities is highly centralised and its support of air transport is exceedingly liberal.

Dissatisfaction has been expressed in England with activities to date. It is felt that with 16 planes and 18 pilots the government-subsidised venture has little value as a reserve force while the lines of communication established have little strategic importance from the point of view of empire building. Great Britain's ambitions lie in the direction of a great network of airways bringing into closer contact the widely separated portions of the empire. To India in four days and to Australia in six days instead of six weeks is the present aim. Two large dirigibles are under construction for experimental work, and airship bases on this route are now being prepared. Eventually it is hoped to establish trans-Atlantic service to Canada and the United States.

The soundness of European practice in subsidising air lines has been frequently questioned. There is this to be said for it: Europe has been given the benefit of service by air; companies are in operation accumulating experience, and European countries are gaining control of the airways that lead to the great markets of the world. Airways, like landways, require concessions from the countries over whose territories they pass; aircraft operators, like competent sailors, are the product of years of training. Other things being equal, the first and longest in the field will be served best, and the manufacturing countries of western Europe may find themselves much more easy of access to world markets than the United States.

ECONOMIC SURVEY OF GREECE IN 1925.

(Concluded.)

COMMUNICATIONS.*

Road Traffic.—When one considers that the centres of Greek trade and population are never more than 100 or 150 km. from the coast, that the increasing use of motor lorries and passenger cars testifies to the importance of the highways, and that their construction is much quicker and cheaper than that of railway lines, it is obvious that the country has need of roads rather than of railways, and that the upkeep of such roads may, as in other countries be largely met by the motor cars using them.

No material development of the highway system is to be recorded in 1925, nor was it, for economic and other reasons, possible. The insufficiency of funds available for road construction may be gathered from the estimates for the financial year 1924-25, which provided Dr.137,085,720 for upkeep, and 70,886,838 for the construction of new roads, and from those for 1925-26, which assigned Dr.110 million and Dr.63 million to these purposes respectively. Consequently, during last year, the construction of 685 km. was given out by contract and of 197 km. by tender. In addition specifications for the construction of 500 km. of new roads have been accepted from various companies, and contracts have been entered into for the construction of metalled and unmetalled roads in the Athens district over an area of 500 square km., the cost of the whole of the above mentioned works being estimated at 300 million drachmas.

For the upkeep of roads there is need of steam rollers, of which, until a few years ago, there were very few. However, a contract was signed on June 16, 1925, with Dashwood and Co., Ltd., for the supply of 100 Marshall steam rollers of 12 tons each at a cost of £74,000 sterling, payable by five annual instalments on the guarantee of the National Bank of Greece.

A sufficient indication of the importance of the roads may be seen in the increasing motor traffic. The import of petrol during the first half of 1925 amounted to 13,728 tons as against 14,842 tons for the whole of the preceding year. It is probable that the total import in 1925 was at least double that of the preceding year, if we take into account the extra heavy imports towards the close of 1925 in view of the pending operation of the new Customs tariff. This import was accompanied by a corresponding increase in the import of motor cars, which rose from 576,613 kg. in 1923 to 1,691,762 kg. in 1924, and to 1,488,002 kg. for the first half of 1925. This development of motor traffic is also made manifest in the returns published by the Ministry of Communications. Up to December 1924, there were registered in the books of the Ministry 5,981 motor vehicles of every description. The following table shows the import of motor vehicles of all classes during the past two years:—

Year.	New.			Second-hand.			Total.
	Cars.	Omni-buses.	Lorries.	Cars.	Omni-buses.	Lorries.	
1924...	829	443	139	215	533	414	2,273
1925...	1,965	380	340	160	62	175	3,082

The import of cars, tyres and petrol, increased from 17,297 tons, of the value of £771,000 sterling in 1924 to 31,944 tons of the value of £1,426,350 sterling in 1925. It should be added that the Government in order to check this export of foreign currency, has prohibited the import of private cars as from January 1, 1926, a circumstance which, in conjunction with the prohibition of motor omnibuses in Athens-Piræus and within a radius of 20 km. in pursuance of the contract with the Power and Traction Company which undertook the electrification of the two cities and their suburbs, will result in a restriction of the motor trade.

[The concession for the supply of light and power to Athens and Piræus to the Power and Traction Finance

Company Ltd. has been referred to in a foregoing chapter under Individual Industries Electricity. In a recent number *Oikonomologos Athenon* complains bitterly that this contract, apparently, remains a dead letter, although nearly a year has elapsed since its conclusion. No attempt has been made to commence the power station of St. George, the electrification of the Aphisia railway, or the tunnel under First of September Street, neither is there any sign of the fifty new tramcars or the water carts stipulated for by the contract. The hopes raised by the knowledge that these works had been undertaken by a concern of the standing of the Power and Traction Company have been bitterly disappointed.]

Railways.—For the further improvement of the railways the Government has entered into the following agreements:—

Contract with the Piræus-Athens-Peloponnese Company, dated October 19, 1925, whereby it has conceded to the Company the working of the following State railways: Mulli-Calamata, Purgos-Meligala, and Discopo-Kalavryta, and has granted to the Company the construction of the lines Isthmus (Corinth)-Loutrakios within one year, and Kyprissia-Philatros-Marathonisi within two years, and the preparation of a scheme for the extension of the Tripoli-Sparta-Areopolis line. The costs of these works are to be borne as to one-fourth by the Company and as to three-fourths by the Government, and for this purpose a fund has been constituted out of special taxes.

Contract of October 17, 1925, with the Etablissements Ringhofer of Prague and Smichow for the supply of 1,300 carriages, vans and trucks of various kinds for the State railways at a total estimated cost of £356,560 sterling.

Contract with the Société Commerciale de Belgique, dated August 27, 1925, for the construction of some 350 km. of line and the supply of railway material, including 34,000 tons of wheels, 47,000 tons of sleepers, and a specified quantity of rolling stock.

The position of these new lines is not definitely provided for in the contract, but is left to the decision of the Ministry of Communications. It is, however, well known that among the first to be constructed will be lines from Salonica to Angista, and from Larissa to Verroia via Kozane. The cost of construction and of the railway material has been estimated at 21 million dollars, to be met by a loan from the Company to the Government issued in two series, of 10.5 million dollars each, of bonds with interest at 8 per cent., the first series expiring in ten and the second in six years, to be secured by a first mortgage on the new railways and a first charge on the net profits of the State railways, the Government to pay in case of necessity the amount required for the sinking fund. The time for the completion of the works is fixed at two-and-a-half years for the first 135 km. and at three years for the remaining 210 km.

In addition to the increase of the railway system, a revision of railway rates is imperative. These rates, which were fixed arbitrarily without regard to the value of the goods carried and have been as arbitrarily increased merely as a corollary to the strikes and increased cost of material, have proved very prejudicial to trade and industry. Such revision has already been undertaken in Czechoslovakia and Yugo-Slavia, among other countries.

The earnings of the leading railways for the years 1923 and 1924, as shown by their balance sheets, are as follows:—

Railway.	Earnings.		Increase.
	Drachmas.		
	1923.	1924.	
Athens-Piræus ...	16,689,963	19,891,292	3,201,329
Attica ...	9,209,274	9,663,352	454,078
Piræus-Peloponnese ...	50,162,387	61,089,251	10,921,864
Pyrgos-Katakola ...	1,185,528	1,395,721	210,193
North Western of Greece	1,560,520	2,036,780	476,260
Thessaly ...	19,101,130	25,644,579	6,543,449
Athens-Piræus Tramways ...	52,755,523	62,204,764	9,449,241

* Report of the General Bank of Greece.

The returns of the State railways for the financial year 1924-25 show (in million drachmas): Earnings 262, working expenses 233, net profits 29.5; as against 209.6, 176.6 and 33 respectively for the previous year. Of the surplus after deductions for provident fund, pensions, writing-off the value of premises, works under contract, interest, and provision for depreciation of the Exchanges, there remains a net balance of Dr.19.7 mill. distributed as follows: Reserve for renewals and repairs Dr.2.5 mill., reserve for meeting contingent deficits, Dr.7 mill.; reserve for depreciation of capital, Dr.0.7 mill.; accident claims, Dr.0.2 mill.; service of the bonds, Dr.0.2 mill.

The traffic in passengers, luggage, and goods on the State railways for the past two years was as follows:—

Year.	Passengers.	Luggage.	Goods.	
			Petite vitesse.	Grande vitesse.
		Tons.	Tons.	Tons.
1923-24 ...	3,251,181	9,878	858,286	23,369
1924-25 ...	3,747,382	14,878	1,030,982	20,571

The above table shows a considerable increase in traffic as compared with the first year of the last period of five years, namely, 1920-21, when the figures were: Passengers 597,306, luggage 2,223 tons, grande vitesse 2,239 tons, petite vitesse 101,719 tons.

*Shipping.**—On December 31, 1925, the Greek merchant fleet consisted of 1,231 vessels of over 30 tons, with an aggregate tonnage of 980,405 tons, of which 467 with a tonnage of 912,569 were steamers and 814 with 67,796 tons were sailing ships. As compared with the corresponding date of the previous year these figures show an increase by 30 steamers with a tonnage of 83,974, and a decrease by 204 sailing ships of a tonnage of 45,911, leaving a net increase of 38,063 tons.

As compared with the position at the close of the war, there is an increase of 262 units and 621,816 tons. The year under review is the first post-war year in which the strength of the Greek steam-driven merchant fleet exceeded the pre-war standard, the excess amounting to 18,959 tons.

The 52 steamers of an aggregate of 119,804 tons, costing £529,265 sterling acquired during the year, consisted of 41 cargo boats, 10 passenger boats and 1 trawler. The 467 merchant steamers owned by Greece include 334 cargo boats (837,584 t.), 120 passenger vessels (67,489 t.), one ocean going liner (5,956 t.), and 12 various (1,580 t.). Thus the tonnage of the cargo boats represents about 92 per cent. of the total and that of the passenger vessels about 7.5 per cent. This heavy predominance of cargo boats is peculiar to the Greek mercantile marine, as the proportion of passenger boats to the whole fleet varies in other countries from 11 to 26 per cent. In England 25 per cent., the United States 11 per cent., Japan 20 per cent., Italy 26 per cent., Germany 22 per cent., France 38 per cent.

As compared with 1924 cargo boats show an increase of 11 per cent. and passenger boats an increase of 16 per cent. The greater proportion of the merchant fleet consists of vessels of from 2,000 to 6,000 tons. The Greek fleet (of steamers) at the end of 1921 occupied twelfth place among the merchant fleets of the world. As regards the proportion of tonnage to the population, however, Greece occupies the seventh place, having gained one place since 1924. The amount of tons per 1,000 inhabitants was 134,200 in 1925 as against 127,200 in 1924.

As regards the age of the ships, the Greek merchant fleet is not favourably situated, since only 25 per cent. of its ships are less than 15 years old, whereas the United States possesses 88 per cent. of ships of this class, Britain 70 per cent., Denmark 63 per cent., Sweden 54 per cent. A large proportion of the Greek fleet consists of ships from 16 to 30 years old.

The traffic in the ports in 1925, both as regards number of ships and tonnage, is about one-fifth higher

than in 1924. During the year 31,964 steamers, aggregating 18,067,311 tons entered the 26 chief Greek ports, being 3,113 more than in 1924 representing an increase of tonnage of 3,156,703 tons. Greek vessels contributed 80 per cent. in number and 45.62 per cent. in tonnage of this shipping.

The following table shows the distribution of the traffic among the flags of the world:—

Flag.	No. of Vessels.	Net tonnage.	Place in Order.	
			1925.	1924.
Greek ...	25,576	8,242,484	1	1
Italian ...	2,400	4,093,076	2	2
British...	1,300	2,566,827	3	3
German ...	475	625,765	4	4
Dutch ...	434	580,072	5	5
American ...	129	398,516	6	7
French ...	171	396,176	7	6
Yugo-Slav ...	265	184,635	8	13
Rumanian ...	113	122,775	9	9
Swedish ...	84	110,952	10	11
Russian ...	74	110,442	11	14
Norwegian ...	88	99,900	12	12
Danish ...	47	60,887	13	10
Turkish ...	92	58,427	14	—
Bulgarian ...	49	52,156	15	8
Japanese ...	8	34,631	16	15
Various ...	610	339,709		
			31,914	18,067,511

The port of Piraeus takes far the largest proportion of the traffic (some 29 per cent.) with 7,950 ships of a net tonnage of 5,387,624 tons, followed by: Patras (3,124 ships, 1,729,842 t.), Salonica (2,094, 1,684,776 t.), Volo (1,922, 1,032,186 t.), Mytelene (1,015, 941,833 t.), Coreyra (1,928, 925,072 t.), Syros (1,664, 771,373 t.), Candia (799, 634,460 t.), Chios (1,225, 638,351 t.)

Air Service.—Air services have been instituted in Greece by three contracts ratified by the Government in July of last year.

The company Messageries Transaeriennes is to establish a service from Marseilles to Athens, to be extended later to Smyrna, Constantinople and Egypt. The concession is for 35 years, and three years for the mails. If at the expiration of two years the service is not working the company loses the concession for the mails, and if at the expiration of a further two years it is still not working the whole concession lapses.

The conditions are stricter for the service Brindisi-Athens-Thasos, which the Aeroespresso Italiano Company has taken up. The concession is for 20 years only, and lapses if the service is not working at the expiration of two.

The Greek Icarus Company has taken up a concession for the services Athens-Salonica-Europe and Athens-Crete-Egypt. The services are to commence within 16 months, the concession is to be for 25 years, and the Government is to grant a mean annual subsidy of £15,000 sterling.

FINIS.

A "Noise-proof" Telephone—

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The Telephone Manufacturing Co., Ltd.,
Hollingsworth Works, West Dulwich,
London, S.E.21

* Report of the Chamber of Commerce of Athens.

ECONOMIC SURVEY

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

FRANCE

POLITICAL AND GENERAL

The General Situation.—The comparative stability of the exchanges during the last week created an atmosphere of more calm than has of late been usual. Nevertheless the Press evinced no certainty as to the possibility of maintaining the franc at its actual level. It is recalled that last year M. Caillaux also succeeded in maintaining the exchanges at a stable level (102–105 to the £) during the summer period. The summer time is generally speaking very favourable to France for many reasons (sums spent by foreign tourists, exports of vegetables and fruit, slackening of the imports, etc.). The first estimates of this year's crops are far from being satisfactory. Official figures are still lacking, but authorities in the matter are speaking of a shortage of 20–25 per cent., as compared with last year. It will, therefore, be necessary for France to increase her imports of wheat, which is an unfavourable element for the franc. Besides, the autumn and winter months are the period when demand for foreign exchange is generally very strong. The rise of the foreign exchanges from 159 to 169 only contributed to the feeling of uncertainty that has grown in commercial quarters.

On the other hand, the German payments for the second year of the Dawes plan developed very favourably and corresponded exactly to what was fixed by the Experts' Committee.

The portion of the total due to France amounts to 565.6 millions of gold marks, which means at the present rate of exchange more than $4\frac{1}{2}$ milliards of francs. (Of course, the deliveries in kind were sold at much lower prices than those at which they have been debited to the account of France.)

The following figures show how these payments have been made (in gold Reichsmarks):—

Cash supplied to the Occupation Army	...	26,216,208.22
Various deliveries to this Army	...	30,736,225.11
Reparation Recovery Act deliveries in kind	...	41,495,166.12
Coal	...	182,148,096.30
Transport of coal	...	58,682,689.58
Dyestuffs and pharmaceutical products	...	2,351,047.85
Fertilising stuffs and azotic products	...	47,891,578.25
Agricultural products	...	17,212,749.77
Timber	...	18,110,854.44
Sugar	...	12,895,734.49
Sundry deliveries and payments	...	93,980,532.24
Paid in foreign bills	...	33,786,847.31
Total	...	565,630,271.47

FINANCE

Measures for Protection of French Companies against Foreign Control.—France is now beginning to introduce a series of measures similar to those which were taken in Germany during the inflation period. The well known dyestuffs and chemical products manufacturers, "Etablissements Kuhlmann," have proposed to their shareholders to issue new shares which will have the right of ten votes per share. The new issue is to be very small compared with the existing capital of the company (10 millions of francs for a capital of 180 millions). The new shares will only be allotted to present shareholders, which will make the shares nominative. The shares to bearer give no right to subscribe to the new issue. The newly issued shares with "plural vote" cannot be transferred by the person in whose name they have been originally issued to any other person without the consent of the Board of the Company which has the right to withhold this consent. In that case the Board is to propose another person wishing to acquire these shares; the price to be paid is calculated in proportion to the Stock Exchange quotation of the ordinary shares of the Company.

In the speech he delivered on this matter, the President of the Company laid special stress on the rapid development of its business and on the brilliant state of affairs. It should be noted that this prosperity is due to real progress, both technical and commercial, and not only to inflation. Notwithstanding that fact, the Kuhlmann shares, if calculated in terms of stable currencies, suffered a fall. The price was 40 dollars in 1919, and reached 17 dollars at the beginning of 1926. Now it is 21 dollars. This depreciation, due principally to the fall in the franc, makes it very profitable to foreign concerns to acquire these shares at a low price. To lose the control of the affair would mean for France not only a loss of the most important enterprise of the chemical branch, but also a failure to make quite sure of one of the most important auxiliaries of National Defence. Now that 60 per cent. of the stock is converted into nominative shares and that the list of the shareholders has been scrupulously examined, the Board in proposing the issue of new shares with 10 votes per share thought definitely to strengthen the national element in the Company. The proposals of the Board have been carried by an absolute majority, only two votes being recorded against them. It is reported that similar measures are to be proposed by the Boards of the biggest companies such as Crédit Lyonnais, Union Parisienne, Pechiney, etc.

TRADE

Coal Imports.—The Ministry of Public Works has published figures relative to coal imports into France from overseas. The first half of 1926 shows the lowest figures reached for many years past (in thousands of tons):—

January to June 1926	6,270	January to June 1924	9,626
" " 1925	7,773	" " 1923	11,075

This decrease is entirely due to the interruption in the importation of British coal, the figures of which are given below (in thousands of tons):—

Coal Imports, January 1926	1,118	of which British coal	797
" " February	1,384	" "	864
" " March	1,351	" "	894
" " April	1,113	" "	732
" " May	675	" "	222
" " June	626	" "	6

Movement of Prices in August.—The figures published by the General Statistical Office for August show a phenomenon which has been unusual during recent times; the index number of wholesale prices indicates a pronounced fall in the prices of leading commodities.

Index of Wholesale Prices.

	General.	Foodstuffs.	Industrial products.
March ...	645	537	740
June ...	754	646	848
July ...	854	703	985
August ...	785	672	885

It will be seen that the fall is particularly severe as far as industrial products are concerned, the movements having followed the foreign exchange rates.

As for retail prices, they continued their upward movement, but not so rapidly as last month: March, 497; June, 544; July, 574; August, 587.

The Franco-Greek Trade Agreement.—A definite trade agreement has been concluded between France and Greece to replace the provisional agreement. France will benefit by the most favoured nation clause for the whole of its imports into Greece. Several French commodities obtain considerable reductions of the specific duties imposed on them; nevertheless, these duties continue to be stipulated in terms of gold drachmas. The principal of these wares are: automobiles, vines and brandies, cheese, skins and leather, metal constructions, certain cotton and wool stuffs, pharma-

ceutical products, cutlery products, soap and hats for ladies. The prohibition to import French silk goods into Greece is abolished.

In exchange Greece is granted the "tariff minimum" for almost the whole of its imports into France, a concession France has not made general since the war. The reason for this exception lies probably in the fact that Greek exports belong mostly to branches which are not in competition with the products of French industry.

INDUSTRY

Parliamentary Report on the Nationalisation of Mines.—A special Committee of the Chamber of Deputies has recently published its report on a proposal made some years ago for the nationalisation of the mines. According to these conclusions the proposal is to be rejected.

The reasons on which these conclusions are based are legal, financial and economic. Legally, the French mines (those opened before 1919) are subject to the old law of 1810, according to which the mines are owned in perpetuity by the persons who exploit them. The only way to follow is, therefore, to have recourse to expropriation for purposes of public utility; but then the State has to indemnify the companies for the real value of their assets, which may considerably exceed the value of their share capital and bonds. Thus the financial burden which would after that operation be thrown on the nationalised mines would be much heavier than that borne by the companies. It is true that another way is left open to the Government: to take over the control of the mines by purchasing the shares at the Stock Exchange. But the Government could find money for this operation only at a rate of not less than 8 per cent. The shares of the mining enterprises are quoted at very high prices if compared with the dividends they pay. The Aniche mines, for instance, pay 50 francs dividend per share while the market value of a share is 1,250 francs; thus the yield is only 4 per cent. The difference would be a new burden for the nationalised mines or for the Treasury.

In the present conditions of French public finance the question of the nationalisation of the mines becomes a matter of purely academic discussion; moreover, the situation on the capital market is at the present moment in no way suitable for large issues of Government paper which would be necessary for this operation.

GERMANY

FINANCIAL AND GENERAL

Sustained Economic Improvement.—It is an undoubted fact, quite apart from statistics and graphs, that Germany's economic position shows considerable improvement as compared with last year, not to mention previous years. Work is being carried on with more swing and greater contentment consequent upon more satisfactory results. The great oppression has been dispelled and fewer anxious glances are cast upon the political horizon. The question of Germany's entry into the League is an interesting but not a vital one as regards her economic existence. Germany, placed in the very heart of Central Europe, has reacted particularly sensitively to every jar of home and foreign politics. To-day a certain amount of calm has been arrived at and the general release from strain has resulted in visible signs of economic revival. Prices show a slight tendency to rise, and this tendency, which is following the international movement, may to-day be considered as a sign of commercial revival. Such a tendency no longer implies any danger to the currency. The fact that the Reichsbank has broken away from following the New York dollar rate testifies to the firm position of the German currency. The rationalisation of German products and German commerce is

complete, and with certain exceptions, calculations can once more be made on a sound basis.

After a long period of upward movement the Bourse has permanently raised the quotation rates of German shares, and there is no longer any fear of German property being squandered abroad. The upward movement is no chance phenomenon, but a just verdict passed upon German undertakings, for the buyers on the share market consist in the first place of thoroughly well-informed parties who gauge exactly the intrinsic value of the concern in question, and the private public, whether German or foreign, joins in the movement without contributing materially to the impetus.

The Bourse assumed a somewhat uncertain character at the end of August, owing to the stiffening of the money market at the end of the month. This was due, in addition to the ordinary end of month demands, to the fact that the Banks that have to draw up their bi-monthly balance-sheets on August 31 wished to give the greatest possible effect of liquidity. It is a well known fact that the banks have supported Bourse speculation by placing larger sums of money at disposal for this purpose (unfortunately at the expense of industry, from which direction loud complaints are heard of difficulties experienced in obtaining credit), and they now wish to reduce their speculation credits in view of their balance-sheets.

Claims on the German capital market have been very heavy during August and will continue to be so throughout the current month. The great German shipping undertakings, the I.G. Farbenindustrie and the Steel Trust are making large demands as well as the great banks, which all contemplate increasing their capital in the near future. The capital of the leading German banks is too small in relation to their foreign holdings. The Deutsche Bank with a capital of Rmk.165 mill. (share capital and reserves) had at its disposal on June 30 Rmk.1.75 milliard of foreign money; the Discotogesellschaft with Rmk.147 million of capital held Rmk.927 million of foreign money and the Dresdner Bank whose capital amounts to Rmk.101 million holds Rmk.150 million of foreign currency. Only one bank, the Darmstadter und Nationalbank, the relation between whose capital and foreign holdings is 100 : 1045, and which therefore stands no less in need of increased capital, declines for the present to consider any increase. The methods by which the way is being paved for these increases is much criticised. The prices of the present shares of these banks are being forced up, so that the new shares may be sold at the highest possible price.

It is hoped on the money market that the end of the month will pass without any special difficulty, much foresighted preparation having been made with this end in view. It is not yet certain, however, whether September will not bring with it a further tightening of the market. The money market is mainly dependent on internal capital, as the loans and credits coming in from abroad have recently diminished greatly. (*Hamburger Fremdenblatt*, August 28.)

German Loans in America.—The sum total of German loans in the United States remained during the first six months of 1926 at the same level as that of the past five years. According to the index published by the New York Trust Company, however, important changes have occurred in the nature of foreign loans. Loans of private firms have greatly increased in contrast to loans of foreign Governments. In 1924 about 88 per cent. of foreign obligations were either issued direct by the foreign Governments or guaranteed by them, while in 1925 this proportion was reduced to 63 per cent. and in the first half of 1926 to 55 per cent. This is particularly true of German loans, which in 1926 constituted the greater proportion of European loans. In 1924 only 9 per cent. of the German loans were for private firms, in 1925 this percentage had already increased to 55 and in 1926 the ratio was 67 per cent. This development is a reflection of America's confidence in Germany's

progress and stability. In the case of other European countries the American loans have fallen off, partly owing to uncertainties in finance and trade, and partly, perhaps, because the current loans satisfied the demand. The report further shows that out of the total amount of foreign loans in 1925 51 per cent. went to Europe, 20 per cent. to Canada and 17 per cent. to South America. In the first half of 1926 Europe only received 36.2 per cent. It is estimated that the total value of foreign loans in America on June 30, 1926, was nearly 11 milliard dollars. Of this total $4\frac{1}{2}$ milliards are guaranteed by foreign Governments and $6\frac{1}{2}$ milliards have been raised by private firms. (*Hamburger Fremdenblatt*, August 24.)

TRADE

Balance of Trade in the Exporting Industries.—A slight improvement has taken place in July in the export branches of the industries as compared with the previous month, the export surplus having risen by Rmk.22.9 million to Rmk.211.8 million. The balance of trade of the textile industry has improved by Rmk.14.9 million, that of the iron industry by Rmk.12.4 million and that of the chemical and dye industry by Rmk.9.6 million, otherwise there has been little change, as shown in the following table (millions of Reichsmarks):—

Branch of Industry.	1913.		1926.	
	Monthly average.	May.	June.	July.
Cotton industry ...	- 21.5	+ 1.2	- 1.6	+ 7.6
Wool industry ...	- 13.6	- 12.6	- 34.7	- 31.6
Silk industry ...	- 5.3	+ 1.0	+ 1.3	+ 5.8
Ready-made clothing	+ 9.3	+ 7.3	+ 5.5	+ 5.5
Textile industry ...	- 39.4	- 0.6	- 27.2	- 12.3
Iron industry ...	+ 85.0	+ 87.7	+ 87.7	+ 100.1
Copper industry ...	- 10.4	+ 3.7	+ 0.6	+ 2.4
Other metal industries	- 2.0	- 3.9	- 9.0	- 7.4
Machine industry ...	+ 43.8	+ 44.3	+ 42.1	+ 43.5
Electrotechnical industry	+ 23.1	+ 25.6	+ 25.3	+ 25.2
Metal industry ...	+ 139.5	+ 157.4	+ 146.7	+ 163.8
Leather and currying industry ...	- 9.4	+ 10.0	- 1.3	+ 2.1
Paper industry...	+ 16.3	+ 26.7	+ 26.1	+ 25.4
Chemical and dye industry ...	+ 40.1	+ 65.6	+ 63.1	+ 72.7
Timber industry ...	- 22.0	- 8.8	- 7.9	- 14.7
Clay, china and glass industry ...	+ 19.0	+ 26.1	+ 26.1	+ 26.5
Rubber industry ...	- 1.3	- 2.8	- 1.8	- 5.8
Automobile industry ...	+ 6.0	- 2.6	- 4.5	- 3.8
Cycle industry ...	+ 1.1	+ 2.5	+ 2.9	+ 2.0
Shipbuilding industry	- 1.1	+ 8.2	+ 7.2	+ 4.8
Fine mechanical industry ...	+ 10.9	+ 14.9	+ 14.9	+ 13.9
Children's toy industry	+ 8.5	+ 7.9	+ 8.9	+ 9.8
Oil industry ...	- 49.0	- 53.0	- 61.2	- 56.7
Tobacco industry ...	- 11.9	- 9.9	- 12.4	- 13.7
Various industries ...	- 15.0	+ 15.2	+ 9.3	- 2.2
Total for all industries	+ 92.3	+ 256.8	+ 188.9	+ 211.8

The depreciation in the general balance of trade by Rmk.88 million to a deficit of Rmk.121 million (see THE ECONOMIC REVIEW, September 3) is therefore solely due to an increase in the import of foodstuffs. The foodstuffs balance (without vegetable oils and fats, which are reckoned under the oil industry) shows for July a deficit of Rmk.399.6 million as compared with Rmk.274.8 million in the previous month, or an increase of Rmk.124.8 million, which compensated to the extent of Rmk.22.9 million by the improvement in the balance of trade in the export industries, referred to above and to the extent of Rmk.88 million by the increased export of coal.

The total exports of coal, coke and briquettes amounted to Rmk.94.2 million in July as compared with Rmk.62.8 million in June, whereas imports amounted to only Rmk.4.6 million (against Rmk.6.0 million). On the other hand the import of mineral oil has increased from Rmk.15.4 million to Rmk.25.9 million. The fuel balance-sheet has therefore only improved to the extent

of an increase from Rmk.43.7 million to Rmk.64.8 million in the export surplus. If the entire balance of trade is divided into three groups, foodstuffs (including live stock), fuel and export industries, the following table results:—

	May.	June.	July.
Foodstuffs ...	- 259.0	- 265.8	- 397.4
Fuel ...	+ 29.0	+ 43.7	+ 64.8
Export industries	+ 256.8	+ 188.9	+ 211.8
Total ...	+ 26.8	- 33.2	- 120.8

The slight improvement in the balance of trade of the export industries is not due this time to a reduction in the import of raw materials, which on the contrary has somewhat increased, but to a real increase in exports. Thus the exports of the silk industry have increased from Rmk.16.6 million in June to Rmk.20.2 million, and those of the wool industry from Rmk.36.1 million to Rmk.43.3 million. The exports of the cotton and other textile industries have, however, remained unchanged. The exports of the iron industry rose from Rmk.117.3 million to Rmk.129.7 million and those of the chemical and dye industries from Rmk.63.1 million to Rmk.72.7 million. This degree of progress cannot be termed great, but certain indications of a general improvement cannot well be overlooked. (*Deutsche Allgemeine Zeitung*, August 24.)

The Leipzig Fair.—Reports from Leipzig announce that the results of the fair which opened there on August 29 are on the whole satisfactory, though some of the exhibitors complain that they have not as yet even covered expenses. Most of the exhibitors assert that these costs are much too high, for in addition to the actual rent of the stands a heavy charge is made by the administration of the fair for propaganda purposes, from which the majority maintain that they do not profit.

Exhibitors from the glass, china and ceramic industries report a satisfactory number of orders, though chiefly for the cheaper class of utility articles. Luxury articles aroused but little interest in any of the branches, and few purchases were made in toys and dolls except in the case of a few special articles. Customers are waiting to see the results of the autumn trade before laying in large stocks for Christmas. Export business in toys was very small owing to the fact that the great British buying organisations and the larger American houses now arrange their purchases direct from the manufacturers and at very low prices.

Exhibitors of Christmas tree decorations give varying reports. In many cases orders were already placed at the spring fair. Great complaints are raised in the metal goods branch, especially in regard to the better quality goods. The home trade is holding back and export in this branch is greatly prejudiced by competition from the low currency countries. Many countries also, protected by their Governments, have started industries of their own, e.g. Spain, which is now lost to Germany as a market. Alpaca goods found hardly any home sale and were still less in demand abroad.

FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	3½	Dublin.....	6	Prague	6
Athens	10	Geneva	3½	Reval	10
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.

The shoe and leather branch reports really good business, while the Textile Section records unequal results, chiefly in regard of autumn and Christmas goods. The number of purchasers has greatly diminished, as business in these articles, which is on the whole brisk, is now usually done direct with the manufacturers. Many of the exhibitors have decided not to send any further exhibits to the fair on account of the heavy costs.

Business at the fair has been on the whole more lively than in the spring, but only at the expense of heavy price concessions, made to bolster up manufacture in general. The principle of "small sales, large profits" is being everywhere abandoned. If the 100,000 articles exhibited at the Leipzig Fair are taken into consideration, it must be confessed that a certain amount of standardisation would be beneficial in many branches, without in any way prejudicing the individuality of German manufacture. In this direction a wide field of activity opens up for German enterprise.

Among outstanding foreign personages visiting the Leipzig Fair, were the envoy from Afghanistan, a commission of Egyptian officials and a delegation from the Lyons Fair. (*Hamburger Fremdenblatt*, September 1.)

INDUSTRY

The Film Industry.—The German film industry has just published a year-book covering the period 1923–1925 which provides the basis for an economic and scientific review of the activities of this new branch. The figures given, together with the review of the years' events, demonstrate not only the development of production but also the financial construction of the companies. According to entries on the commercial register, the following developments took place in the film industry (manufacture, hire and production):—

	Share Companies. Rmk.	Limited Liability Companies. Rmk.
New foundations ...	312,000	1,039,700
Increases of capital ...	4,638,400	213,790
Transformations ...	58,045,600	7,474,420

Unfortunately, no figures are given for the previous year, so that no comparison is possible, and the amount of capital invested cannot be ascertained. It is, however, stated that up till April 15, 1926, companies in the film industry numbered 100 with gold capital estimated at Rmk.69.68 million. According to official estimates the capital of the film industry amounted in 1921 to Rmk.6.4 million, 1922 Rmk.14.03 million, and 1923 Rmk.35.67 million. Whether the figures given for 1926 actually represent an increase in capital invested, or whether the apparent increase is due to a change in the form of the companies subsequent to inflation does not appear from the statistics offered.

Statistics of the firms occupied in the film trade, irrespective of the form of company, give the following table:—

	Manufacture.	Hire.	Production.
1921 ...	270 (210)	238 (68)	75 (55)
1922 ...	360 (270)	380 (70)	135 (85)
1923 ...	350 (235)	320 (65)	145 (85)
1924 ...	214 (138)	285 (38)	117 (92)
1925 ...	297 (206)	373 (84)	163 (107)

(Figures in brackets apply to Berlin.)

The increased figures of the past year must not be allowed to deceive in regard to the position of the trade, for the "official" report includes companies which have ceased to function, though their dissolution has not yet been entered on the Commercial Register.

The following table shows the number of cinematograph theatres with the number of seats in each:—

	Theatres seating over 1,000.
1918 ... 2,229 theatres with 803,508 seats	38
1920 ... 3,731 " " 1,269,205 "	48
1921 ... 3,851 " " 1,304,525 "	45
1924 ... 3,669 " " 1,315,246 "	67
1925 ... 3,878 " " 1,402,462 "	85

If the number of seats is compared with the number of theatres seating over 1,000 persons, a decided tendency toward large cinemas will be observed in 1925, and this development has become even more pronounced in 1926.

The proportions of German production, in which the fixing of quota restrictions gave rise to vigorous debates, may be judged from the following figures, representing the number of films which have passed the censor:—

1923 ...	1,225 films (3,898 acts with a length of 1,169,316 metres)
1924 ...	1,774 " (5,006 " " " 1,511,492 ")
1925 ...	2,748 " (6,820 " " " 2,037,393 ")

Of these the following were films of 6 and more acts:—

1923 ...	237 films (1,482 acts of a length of 472,252 metres)
1924 ...	376 " (2,387 " " " 780,363 ")
1925 ...	473 " (3,080 " " " 1,011,854 ")

No idea can be formed from the above figures of the development of the actual play-film, as the official statistics include all films laid before the censor, including educational, industrial, propaganda, advertising and topical films. According to statistics published in connection with the quota question German film production for export has developed as follows:—

1921 ...	646 films of 836,000 metres length
1922 ...	474 " " 604,000 " "
1923 ...	347 " " 536,000 " "
1924 ...	271 " " 440,000 " "
1925 ...	228 " " 474,000 " "

On the other hand the following import permits were issued for the importation of American films:—

1921 ...	134 films of 131,000 metres length
1922 ...	185 " " 151,000 " "
1923 ...	251 " " 189,000 " "
1924 ...	276 " " 248,000 " "
1925 ...	251 " " 384,000 " "

The falling off in German production is noticeable, together with the simultaneous increase in imports, to which must be added the well-known grotesque trick films, which in 1925 amounted to 552 films of 207,600 metres length, whereby the balance of trade was shifted still further to Germany's disadvantage. Imports from countries other than America are relatively negligible. The last two groups of statistics, which are doubtless of the greatest importance in judging of the position of the German film, point out most of the difficulties in the way of present-day development of the German film industry. Measures have been taken to save the situation, but their success in view of the general economic position of the country is unfortunately highly problematical. The prospects for improvement in the film industry are considered very poor in the competent circles. While some branches of the industry have endeavoured to bar the import from America of any but large films, it has recently become more and more necessary to import the mediocre class of film, which in consequence of the smaller cost of production was to be reserved for German producers. (*Hamburger Fremdenblatt*, August 25.)

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RUSSIA

POLITICAL AND GENERAL

General Economic Conditions in June.—Official reports from Moscow assert that the total value of Russian industry increased by 4 per cent. in June as compared with May and amounted at pre-war value to R.296.1 million. The number of industrial workers employed decreased, in consequence of the system of rationalisation and economy, from 1,904,000 in May to 1,898,000 in June, while wages rose by 6.8 per cent. as compared with May. The following increases in production occurred in June as compared with May: hard coal by 10 per cent. to 1,992,000 tons; naphtha by 1.4 per cent. to 739,000 tons; rolled iron by 6 per cent. to 183,400 tons; the cement industry by 7.6 per cent., the cotton output by 21.3 per cent., wool production by 15.1 per cent., and the linen industry by 10.5 per cent. On the other hand the output of cast iron dropped by 0.3 per cent. to 198,200 tons; Martin steel by 1.4 per cent. to 247,100 tons; the chemical industry by 5 per cent., the glass industry by 16.1 per cent., and the tobacco industry by 36.5 per cent. as compared with May. The above decreases are partly due to inadequate supplies of raw material, and partly to interruption of work owing to extensions or modernisation of works and plant. In comparison with June 1925 the total value of Russian industry has risen by 31 per cent. as compared with June 1925, the naphtha output rose by 27 per cent.; cast iron 54 per cent., Martin steel 41 per cent., rolled iron 44 per cent., the cotton industry 23.5 per cent., etc., etc.

Official statistics recently published for June show a further slight improvement in harvest prospects. The figure for the entire Soviet Union on July 1 (according to the 5 number system, 1=bad) was 3.34 as compared with 3.28 on May 1, 1926. The most favourable returns come from the Ukraine, the Crimea, the Volga district and the Bashkir territory, where the estimates vary between 3.5 and 3.7. As in May the improvement in harvest prospects brought about a further drop in prices. The buying price in the State grain purchasing organisations decreased from 87 to 73 kopecks for rye and from 124 to 103 kopecks for wheat per pood. The decrease in grain prices during June is remarkable in view of the fact that consignments of grain on the part of the farmers to the grain markets fell in June as compared with May from 27 million to 17 million poods. This is attributed in the official report to the fact that the farmers are much occupied with work in the fields at this period. If, however, it is considered that the industrial price-index, in spite of the reduction in the price of agricultural products by 6.6 per cent., has remained practically unchanged during June, showing indeed a slight increase of 0.2 per cent., it would appear that other factors, more particularly the discrepancy between industrial and agricultural prices (known as the "price scissors") have contributed to this development.

The success of this year's grain export campaign will depend not only on the results of the harvest, but upon the question as to whether the Soviet Government will be able, at the moment of the realisation of the harvest, to effect a reduction in the price of the most necessary industrial articles required by the farmers. According to last year's experience the Russian farmer is only prepared to send his grain to market on condition that he is able to exchange the surplus agricultural production for a corresponding equivalent in industrial goods.

A confirmation of the discrepancy existing between prices of agricultural and industrial products is afforded perhaps by the fact that the total turnover of the Moscow and 70 other provincial Bourses in June only shows an increase of 9 per cent. (the turnover of the Moscow Bourse, however, increased in June from R.161 million to R.217.2 million), whereas a marked revival usually occurs at this period in view of the

approaching harvest. The shortage of commodities is plainly not the cause of the languid market conditions, as the demand for goods, according to reports now published, was fully covered during June. Any increase in the turnover of the Russian bourses is at present rendered difficult by the fact that the Russian trusts, in consequence of their strained financial position which has been recently aggravated by credit restrictions on the part of the banks, are not in a position to give up large quantities of goods against credit to the State and co-operative organisations, and the latter, in their turn, cannot procure the means to effect cash purchases. The strained financial position of Russian industry has occasioned the Soviet Government to effect further issues of money in June and the monetary circulation in Russia has been increased by R.36.5 million or 3.5 per cent., the total of money in circulation on July 1 being R.1,209 million. (*Hamburger Fremdenblatt, Deutsche Allgemeine Zeitung, August 5.*)

FINANCE

State Debts of the Soviet Union.—According to Moscow reports Russia's State debts amounted on July 1 last to R.589,638,000, no alteration having occurred since June 1. In the course of June State loans to the extent of R.50 million were subscribed, while R.50,884,000 of State loans was paid off. The State debts on July 1 were as follows (in roubles):—

State lottery loan	99,884,000
Second State lottery	58,029,000
Short term loans	1,620,000
Home loans	8,109,000
Farmers' loan of 1924	80,059,000
Second Farmers' loan	68,598,000
Treasury Bonds	90,369,000
Industrial loans	182,970,000

(*Hamburger Fremdenblatt, August 3.*)

TRADE

Development of Foreign Trade.—In the year 1922-23 the exports of the Soviet Union were for the first time since the revolution in excess of the imports to the extent of R.23.2 million. This export surplus in the Russian balance of trade was chiefly due to a reduction of imports, although in consequence of the resumption of the grain export, the export total had also increased in that year. In the year 1923-24 exports were in excess of imports to the extent of R.80 million owing to the heavy increase in the export of grain. The Russian balance of trade in 1924-25, however, showed a deficit, the grain export decreased considerably in consequence of the bad harvest, and imports rose by 63 per cent. as compared with the previous year. No such decrease in exports coupled with a heavy increase in imports ever occurred in pre-war Russia. During the years 1909-1913 imports rose on an average by 55.5 per cent. and exports by 45 per cent. yearly. In the first 9 months of the current economic year (October 1, 1925, to July 1, 1926) the foreign trade turnover of the Soviet Union over the European frontier amounted to a total of R.958.5 million, R.437.4 million of which represents exports and R.521.1 million imports. Among imported articles the import of industrial machinery and tools constituted 13.5 per cent. of the total for the current year as compared with 7.6 per cent. in 1924-25 and 10 per cent. in pre-war times (1912-1913), while the import of raw materials and semi-manufactured articles, which in pre-war times represented on an average 42.6 per cent. of the import total, will constitute 51 per cent. of this year's total imports. On the other hand the grain export which before the war represented 47.4 of Russia's total exports will only amount to 27.1 per cent. of this year's export total. (*Hamburger Fremdenblatt, August 15.*)

The following statistics, published in *Wirtschaftsdienst* (August 6) show the development of foreign trade over the European frontier up to the end of May 1926 (in millions of Roubles, present value):—

	Import.	Export.	Difference.
1925 October ...	76.7	82.5	— 6.0
November ...	53.9	66.6	— 12.7
December ...	42.4	56.0	— 13.6
1926 January ...	34.8	61.2	— 26.4
February ...	43.2	53.6	— 10.4
March ...	57.4	57.0	+ 0.4
April ...	48.9	62.9	— 14.0
May ...	38.3	41.5	— 3.2

The Export of Eggs.—The Russian egg export, which amounted in 1913 to 22,000 waggons (valued at R.90,600,000) only reached 23 per cent. of this figure in 1924–1925, when it comprised 5,011 waggons with a value of R.26,782,000. The greater proportion of the Russian egg export goes to Germany and England. According to reports from Moscow, new contracts have been concluded between the Poultry Raising Association "Ptizewodsojus" and English and American firms, involving the export to Germany and England during the current year of eggs to a value of R.3 million. No further increase in the Russian egg export will be possible without a reduction in the heavy freights prevailing. In 1925 the freights per case amounted to R.27 as compared with R.10 before the war, and further increases have occurred this year. (*Hamburger Fremdenblatt*, August 3.)

INDUSTRY

Failure of the Industrial Economy Campaign.—The State economic system is not developing satisfactorily, and the difficulties which present themselves appear insurmountable, says Dr. Hans von Eckhardt in *Wirtschaftsdienst* (No. 29). On the one hand complaints are raised against high taxation, duties and excise, while on the other the size and weight of the State Apparatus, which involves unbelievably large sums for administration and working costs, renders all practical organisation an impossibility. The economy régime, says the *Ekonomiskaya Jisn*, is altogether impracticable while the régime of common sense is ignored. It is impossible to economise while at the Jaroslav automobile factory there are three useless members of the staff for every effective worker, or while the cost of administration of the "Tersojs" swallows up 59.4 per cent. of the total costs, so that the prices of this association have had to be raised 24 per cent. In the same way the purchase of grain by the "Urknut" in the Kubanj district was so hampered by heavy incidental costs, that the price had to be raised 12 kopecks, and the "Syrje" Union produced feathers and down costing R.1,307, while the expense of administration increased the price by R.3,011. The same union made goods valued at R.18,000 with incidental expenses amounting to R.27,000, while the Gostorg, in producing goods valued at R.106,000, registers incidental costs at only (!) R.51,000. Economy under such conditions is entirely out of the question, and the greater part of these works cannot be reorganised, especially in the case of the great government concerns, as the workmen who would have to be dismissed belong to the ruling political party and have a right to demand work and wages from the Soviet Union. A burden must thus be dragged along which not only ruins the State Budget, but renders industrial production and nationalised commerce entirely unprofitable, while all hope of raising production is out of the question. Professor Goebel, speaking at the meeting of the Russo-German Association, asserted that the official Russian statement that industrial production had regained the pre-war level was utterly false. The textile industry has not yet arrived at one half of the peace time supply to the market reckoned per head of the population. As regards coal only two-thirds, pig iron one-third, iron ore one quarter and mineral oil two-thirds of the pre-war production has been reached. As a large number of works are still closed down only a 50 per cent. industrialisation can be reckoned upon. The number of hands employed is estimated at 2 million as compared with 2.5 million in the same area. Goebel

reckons that 750,000 workers are unemployed in industry proper, 3 million if building and crafts are included and 6 million if agricultural labour is also taken into account. Supplies remain entirely inadequate, all reserves are exhausted both with consumers and in trade. The failure of the grain export alone, bringing with it the heavy Budget deficit (first half-year 1925–1926 deficit of R.68 mill. instead of R.18 mill. Budget surplus estimated in the Scheme for Foreign Trade) is sufficient to prove the failure of the scheme of economic reconstruction. Even those goods which were exported were sold at a loss and all endeavours to raise loans abroad have failed. Just as Lenin's new economic policy failed to reach its aim, so the systematised economic policy of the latest epoch has failed to repair the great damage effected by the State demolition of private capital.

Chemical Industry of the Soviet Union.—According to reports from Moscow the total value of the purely chemical products of the chief Russian chemical trust in the year 1926–27 will amount to R.121.6 million and the value of chemical goods R.98.5 million. This will constitute an increase in the value of the pure chemical industry of 42.9 per cent., while in the coke and benzole industry the increase will amount to 49.7 per cent., in the aniline dye industry 36 per cent., and in the enamel paint industry 19 per cent. The central committee of the chemical industry at its recent meeting in Moscow announced that the programme of the chemical industry did not represent the necessary expansion. The committee particularly objected to the intended reduction in the import of chemical raw materials and semi-manufactured goods in 1926–27, which in the present position of the Russian chemical industry could only lead to an increase in the import of finished chemical goods. A better supply of raw materials to the pure chemical industry was an urgent necessity for the current year if the crisis threatening the industry was to be overcome. (*Hamburger Fremdenblatt*, August 15.)

SOUTH AMERICA

BOLIVIA.

New Bank Project.—Signor Arturo Birssi, of Italian nationality, has solicited the Ministry of Finance for authorisation to establish in Bolivia a "Banco de Crédito Nacional," in order to facilitate the "small financial operations" of the necessitous classes. The operations of this class of bank consist largely of what are known in Europe as pawnshop operations, but this bank system of credit more often proves more beneficial, as well as more convenient, than the mere pawnshop transaction.

Such an institution in this country will fill a necessity long felt, and, under efficient supervision by the authorities, should prove an immense boon to the poorer classes, who now, when sorely pressed for money, have very often to submit themselves to an outrageously usurious rate of interest on the loan, despite the material guarantees which have to be given.

The National Treasury also benefits by the establishment of such institutions, as there will be an impost to collect on every operation which would be effected by such a bank, apart from the ordinary taxes which the bank would pay in common with all institutions.

According to the memorandum presented to the Ministry of Finance, the new proposed bank is to be established under the form of a Sociedad Anonima, with an authorised capital up to the amount of five million bolivianos (approximately fifteen million pesos). It is proposed that this capital be paid up according to the demands and the necessities of the various agencies of the bank which it is also proposed to establish. These agencies, up to the present, are being considered for establishment in La Paz, Sucre, and Cochabamba. Oruro, Potosí and other important centres of the Republic would be considered later on. The head office would be registered as in Paris.

The matter, of course, has still to be studied by the Ministry of Finance, before anything definite is arranged. (*South Pacific Mail*, July 29.)

Foreign Trade in 1925.—The total value of imports in 1925 was 68,065,121.04 bolivianos, while the value of goods exported amounted to Bs.119,286,370.94. There was thus a substantial favourable balance of Bs. 51,221,249.90. Customs duties collected on imports reached the figure of Bs.9,283,411.20, and those on exports, Bs.8,266,461.06, making a total revenue from this source of Bs.17,549,872.26. The following table shows the course of imports and exports during the past ten years (in bolivianos):—

	Imports.	Exports.	Total Trade.
1916...	31,098,215.76	101,484,800.23	132,583,015.99
1917...	33,480,831.10	157,748,054.09	191,228,885.19
1918...	34,999,886.52	182,612,850.69	217,612,737.21
1919...	61,997,024.44	144,251,527.93	206,248,552.33
1920...	65,339,505.24	156,018,744.78	221,538,250.02
1921...	70,853,152.19	66,919,544.62	137,772,597.81
1922...	49,967,267.68	64,769,561.28	144,736,828.96
1923...	62,914,666.80	107,963,861.98	170,608,528.78
1924...	62,862,727.33	115,191,409.64	178,054,136.97
1925...	68,065,121.04	119,286,370.94	187,351,491.98
Increase			
1916-1925	6,966,905.28	17,801,570.71	54,768,475.99
Proportion	118.87%	17.54%	41.31%

The leading imports of Bolivia are textiles, automobiles, machinery, articles of luxury, construction materials—chiefly from Great Britain, United States, Germany and France. Vast quantities of flour, timber, various canned goods, boots and shoes, manufactured articles of iron and glass are imported from Chile, while there are heavy imports from the Argentine of dairy products, butter, cheese, hams, etc. The commercial interchange with Argentina is bound to increase in consequence of the improvement in the international railway service, which now renders it possible to reach the Atlantic coast from Bolivia in three days. The following table gives some idea of the imports and their countries of origin (in bolivianos):—United States, 20,120,479; Great Britain, 16,854,479; Chile, 10,766,232; Peru, 6,198,857; Germany, 3,924,570; Argentina, 3,576,140; France, 3,190,497; Spain, 1,420,928; Brazil, 922,832; Italy, 915,335; Belgium, 800,189.

It is to be noted that Chile contributes the highest proportion to Bolivia's imports of any South American country.

The exports of Bolivia are chiefly mineral products—ores, concentrates, tin bars, silver, wolfram, bismuth, etc., the whole going, with minor exceptions, to Great Britain or the United States. Other exports are rubber, wool, quinine, skins, timber and tropical products, all of which are capable of indefinite development. (*South Pacific Mail*, August 15.)

British Concession in Bolivia.—What is said to be the biggest commercial concession ever allotted to British interests outside the British Empire is announced by the Bolivian Oil and Land Syndicate, Ltd., reports the *South Pacific Mail*. The concession, the facts concerning which have been confirmed by the Bolivian Consul-General in London, contains 30,000,000 acres of agricultural and forest land and is to be held in perpetuity. Oil rights have been given for one-third of the territory and mineral rights for another third.

The area is located in what is said to be a very rich section of Bolivia, but one which has not been open to settlement until now, because of differences between the Bolivian and Brazilian Governments concerning navigation on the Paraguay River. These differences have now been settled by a treaty and free access to the district can be had by ocean-going steamers. The land is suitable for the cultivation of cotton, sugar-cane, coffee, cocoa and rubber, and abounds in timber, while oil, gold, silver, tin, and copper have been found.

According to the Bolivian Consul-General, all the syndicate's exports and imports will be duty and tax free for 25 years, in return for which the syndicate undertake to build a port at Gaiba, to construct a 60-

mile railway to Santa Corazon, and to erect a wireless station. The syndicate agrees to bring in a minimum of 12,000 European families within four years.

Promoters of the project count for a large measure of success in obtaining the required class of European emigrant from the operations of the present American quota law. All through Central Europe, but especially in Germany, Austria, Hungary, Slovakia and Moravia, there are many thousands of agriculturists who would like to emigrate to the New World. Being cut off from the United States and Canada, they are turning to South America.

They are the type that make excellent settlers in a new and rough country, such as that involved in the Bolivian project, and it is believed that as soon as details have been worked out, a steady flow of emigrant families will begin. The climate of eastern Bolivia is described as approximately the same as that of northern Italy.

The permanent organisation of the company which will control this large enterprise will probably include Sir Martin Conway, the well-known traveller and explorer, Mr. Lionel Barber, of Liverpool, who has been interested in Bolivian enterprises for many years, and other British people whose names are well known.

With reference to the above information, it is interesting to note that the British Press recently announced the granting by the Bolivian Government of special facilities to British ex-officers for a settlement on the Paraguay River. The party has now left for Bolivia.

Bolivian Oilfields.—The existence of petroleum in Bolivia has been talked of many years, it being well known that there is a petroliferous belt in the provinces of El Beni, Cochabamba, Santa Cruz, Potosi, and on to the boundaries of the Argentine. Concessions have been granted for over 3,749,512 hectares which would indicate the serious interests prevailing. From the legislative point of view precautions have been taken to guarantee the State's share in the profits, without seriously obstructing the liberty of those devoting capital to the industry. The Government receives 11 per cent. of the oil production of the country.

Among other corporations holding titles, the Standard Oil Company have acquired the rights over 1,281,610 hectares of oil-bearing lands. The directors of this concern have been very tenacious in their exploratory efforts, and the fact that they have been working hard since 1921 is clear evidence that there is every basis for the heavy outlay they must be incurring.

Oil experts and geologists are making close investigations of the Standard Oil Company's concessions and the grounds are being divided off in accordance with the terms of the titles. The principal drawback to the development of the petroleum fields of Bolivia is attributed to the great trouble experienced in transportation; in some parts materials have to be carried 400 to 500 miles from the nearest railway terminus; mules and carts are employed in these transport operations and in some parts have to traverse virgin territory.

It has not been possible to secure recent data, but up to the beginning of last year four wells were completed to the depths detailed (in feet), viz.: Bermejo No. 1 Province of Tarija, 1,840; Bermejo No. 2 Province of Tarija, 1,995; Cambeti No. 1 Province of Santa Cruz, 2,650; Saipuru No. 1 Province of Santa Cruz, 2,240. Others are at an advanced stage: San Telmo No. 1 Province of Tarija, 445; Buena Vista No. 1 Province of Chuquisaca, 1,080; Guaripi No. 1 Province of Santa Cruz, 825; Bermejo No. 3 Province of Tarija, 400; Tataranda No. 1 Province of Santa Cruz, and Santa Andita No. 1 Province of Tarija.

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Work is going on actively in connection with all the borings made in 1922, and engineers and geologists are concentrating their entire energies in connection with the location of possible oil-bearing zones.

No doubt exists that in course of time oil will be located in abundance.

The commercial production of oil in Bolivia will probably solve the great problem of Bolivian industry, namely, the lack of fuel. (*South Pacific Mail*, August 5.)

Mineral Resources.—Of the numerous valuable ores that are now produced in Bolivia, the most important is tin. While reports from various parts speak of a general diminution in other countries of the world, Bolivia continues to increase her tin output. Tin, lead, silver, wolfram, molybdenum, copper, and antimony are all being exploited, and it is in the mining industry that most capital is employed. It is the country's mainstay, giving employment to vast numbers of the population in all outlying provinces, while the sums contributed to the national revenue are almost fabulous. From statistics at hand, covering the province of La Paz, about 26 mining companies are actually operating, holding titles covering approximately 16,500 hectares, and giving employment to over 4,000 labourers. The invested capital of these companies is in the vicinity of Bs.102,000,000. Recent figures covering the La Paz production of metals are not yet completely compiled for publication, but the following data, relating to 1924, may be of general interest:—

La Paz Output.

	Kilogrammes.
Tin ... ley 60% fine ...	12,851,540
Copper ley 64% ...	13,956,429
Lead ... ley 71% ...	1,839,240
Silver... ozs. fine ...	58,960

Potosí is chiefly noted for its silver resources. Forty mining companies are operating in the territory, possessing titles for 26,868 hectares; working about 170 shafts; 14,500 men are employed; the financial side showing capital invested at approximately Bs.86,000,000. Covering the same period of 1924, the output is claimed as follows:—

Potosí Output.

	Kilogrammes.
Tin average fine 60% ...	44,594,242
Silver average fine ozs. fine ...	2,415,689
Copper average fine 59% ...	148,760
Bismuth average fine 80% ...	186,957
Lead average fine 70% ...	4,402
Antimony average fine 65% ...	449,620

The superior ley indicated above in each case is self-explanatory regarding the possibilities of mining in Bolivia.

Oruro must be referred to as another province of vast mining resources in Bolivia. It is the railway junction of the Republic. In extension it is approximately 53,518 square kilometres, the population being calculated about 160,000. Mining is developing at a rapid pace. Forty-two companies are operating, covering 8,349 hectares; labourers and employees border on 10,000, and capital invested approximates Bs.62,000,000. The following data covers the output of 1924:—

Oruro Output.

	Kilogrammes.
Silver ozs. fine ...	1,297,547
Lead average fine ley 70% ...	2,352,878
Copper average fine ley 62% ...	310,261
Tin average fine ley 61% ...	7,508,274

Cochabamba is increasing gradually in output, but of much less importance than the above mentioned provinces; 1,578 hectares are being worked, giving employment to about 650 hands. Funds involved as capital are about Bs.5,000,000. The production in 1924 figures at: tin average fine by 61 per cent.—615,432 kilogrammes. Cochabamba is the chief grain district of the Republic. The area covered by this province is 53,518 square kilometres, and inhabitants approximate 366,400. (*South Pacific Mail*, August 5.)

Development of Lead Mining.—The rapid rise in the price of lead, recently quoted in Bolivia at a figure equalling that prevailing during the war, has caused extensive mining developments to be undertaken throughout the country and encourages the hope that this will be one of the chief lead-producing areas of the world. Up to two years ago, practically all of the lead produced in Bolivia was mined in the Department of Tarija and in the Province of Sur Chicas. Lead has, however, been found recently in almost every part of the high plateau at altitudes ranging from 12,000 to 16,000 feet. The latest deposits discovered are now being worked upon a rather large scale. An authority on the lead industry states that in the rich deposits, found in practically every part of the highland region of the Andes, the content averages 65 per cent. lead and 30 ounces silver, and no impurities, to the ton of ore after it has been broken and sorted by hand. It is further stated that the average cost of production of a ton of ore in Bolivia, including the development necessary at a mine, is £8, compared with the present market price of £35 per ton. The production of lead has grown from 8,986 tons in 1923, 33,625 tons in 1924, to 36,837 tons in 1925, and it has been predicted that in 1926 it will aggregate at least 45,000 tons. (*Commerce Reports*.)

COLOMBIA.

Colombia of To-day.—Dr. Eduardo Santos, proprietor and editor-in-chief of *El Tiempo* of Bogotá, endeavours in a contribution to *Export Trade and Finance* of June 26 to clear up some of the prevailing misconceptions abroad concerning his country. The ideas of revolutions, military dictatorships or dark business transactions are, he says, radically wrong as applied to Colombia. For twenty-five years the country has enjoyed peace and has no political prisoners. The Press is absolutely free and is also respected by the authorities. As to liberty, Colombia envies no country in the world. These conditions have permitted her to develop her national wealth, slowly but soundly. The country at the present time is devoting its energies to the construction of rail and automobile roads and to the betterment of its waterway communications. At the conclusion of the present programme, which will consume approximately five years, the different sections of the country will not only be connected with each other but also with the Atlantic and Pacific coasts.

The monetary system of Colombia is stable and the Colombian peso is quoted on a par with the dollar. The Bank of the Republic, established according to the basis laid by the American Financial Commission, has definitely assured this situation and avoids the danger of banking crises. Colombia's foreign debt is one of the smallest in the world and all its commitments are punctually paid. Five years ago, the United States agreed to pay Colombia \$25,000,000 for certain concrete losses of properties suffered by the Colombian Government in Panama. (This amount did not represent a compensation for the loss of the Department of Panama, which no Colombian could have accepted.) The money has been employed for public improvements in different sections of Colombia, which will be completed with her own resources or with money obtained through loans in foreign markets. Colombia needs and seeks loans for her internal development to complete rapidly her principal systems of communications and to be in a position to exploit her immense natural riches. The only thing that detains these loans is the feeling of prudence on the part of our people, who do not desire to precipitate things in order to obtain the best possible terms, and who seek to avoid future dangers to their sovereignty. The country prefers to advance solidly rather than quickly.

Colombia is freely open to everybody, without exceptions or privileges; guarantees exist for all; the soil is exceptionally rich and economic prospects extremely promising. A faithful observation of present conditions and future possibilities confirms the view of

an eminent citizen of the United States that Colombia will prove the greatest surprise of Latin America and that it will far surpass the present expectations of her people.

Budget for 1926 and Public Loans.—The receipts for the fiscal year January 1 to December 31, 1926, are estimated at 40,829,248.62 pesos, with expenditures reaching an equal sum. The Budget for expenditures is divided in the following manner (in pesos):—

Department of the Interior	...	...	6,593,243.00
Department of Foreign Relations	...	...	616,443.40
Treasury Department	...	...	9,113,072.80
War Department	...	...	3,497,994.56
Department of Industries	...	...	393,964.06
Department of Education and Public Health	...	...	3,164,991.79
Postal and Telegraph Department	...	...	4,442,725.60
Department of Public Works	...	...	12,450,687.21
Controller's Office	...	...	306,272.40
Department of Supplies	...	...	249,853.80
Total	...	...	40,829,248.62

The Department of Caldas has negotiated in New York a loan for \$10,000,000, part of which will be used for the construction of the Caldas railroad, with a branch line running towards the fertile region of Quindío, and reaching within two years the city of Manizales. This railroad will cost approximately \$8,000,000. Other work to be carried out with funds from the above-mentioned loan includes the construction of an aerial cable for transporting freight from the Cauca Valley to the city of Manizales and Pacific ports, the construction of a western aerial cable which will put the Department of Caldas in communication with the Chocó region, and still a third aerial cable extending to the province of Amanzares, a very fertile agricultural section. (*Pan-American Union Bulletin.*)

According to *La Nación* (Buenos Aires) of July 13 last the loan of 100 mill. pesetas solicited by Colombia from Spain has been agreed to in principle. The loan is required for the construction and development of highroads, railways and general public works. The issue will be made in Spain, where it is said the negotiations have given much satisfaction, since the loan is regarded as another strengthening link in the relations between Spain and Latin America.

Railway Returns for 1925.—The returns of the Pacific (Colombia) Railway for the past year show a vast improvement on those of the preceding year. The total receipts amounted to 2,585,605 pesos and the total expenditures to 1,457,616 pesos, thus resulting in an appreciable surplus of 1,127,989 pesos as compared with a surplus of 852,640 pesos in 1924. The receipts for the preceding four years were as follow (in pesos): 1924, 1,888,297; 1923, 1,483,858; 1922, 1,122,172; and 1921, 1,078,300 pesos. During the same period expenditures were (in pesos): 1924, 1,035,657; 1923, 1,008,261; 1922, 817,412; and 1921, 893,123 pesos. The aggregate of receipts during the quinquennial period 1921 to 1925 amounted to 8,158,232 pesos, and of expenditures to 5,212,069 pesos, representing a surplus of 2,046,163 pesos. The railway exploited a mileage of 269 kilometres in 1921, 306 in 1922, 330 in 1923, 392 in 1924, and 480 in 1925. Further extensions are being undertaken. (*España Económica y Financiera*, July 24.)

Foreign Trade Returns for 1925.—The commercial exchanges between Colombia and foreign countries in 1925 represented a total value of 170,193,089 pesos, as compared with 138,128,455 pesos in the preceding year. Exports figured at 84,363,382 pesos and imports at 85,829,707 pesos, resulting in an adverse balance of 1,466,325 pesos as against a favourable balance of 33,432,627 pesos in 1924. The average value of exports per head of the total population was 12.19 pesos and that of imports 12.40 pesos, as compared with 12.40 pesos and 7.74 pesos respectively in 1924. Imports amounted in volume to 351,706 tons and exports to 371,725 tons. Coffee exports accounted for 116,902

tons of the total quantity, as compared with 132,953 tons in 1924, 105,869 tons in 1922, 86,619 tons in 1920 and 168,916 tons in 1918. The United States purchased 103,771 tons to the value of 59,101,927 pesos, or somewhat less than 90 per cent. of the entire coffee export. Consignments to Venezuela totalled 6,725 tons at 3,830,000 pesos; to Holland, 2,986 tons at 1,700,000 pesos; to Germany, 1,322 tons at 853,035 pesos; to Great Britain, 965 tons at 550,168 pesos; and to Spain, 371 tons at 211,243 pesos. (*España Económica y Financiera*, June 5, 26.)

PARAGUAY.

Progress in National Finances.—The recent presidential address delivered by President Ayala contains some points of interest in respect to the situation of the national finances of Paraguay. The financial year 1924–1925 shows a surplus of revenue over expenditure. Customs receipts in 1924–1925 amounted to \$113,675,000 (paper) or \$1,232,000 (gold), as compared with \$76,587,000 (paper) or \$1,212,000 (gold) in the year 1923–1924, and \$39,350,000 (paper) or \$846,000 (gold) in the financial year 1922–1923. This satisfactory increase is regarded as a sign of a general improvement in trade. According to figures published by the office of internal revenue for the first quarter of 1926 the increase in the total receipts collected inland during the first three months of the present year were 76 pesos (gold) and 1,456,479 pesos legal currency above the returns for the corresponding period last year.

The amount of Foreign Debt has been brought down from \$5,647,000 (gold) as at November 30, 1925, to \$5,407,000 (gold) as at March 31, 1926. Revenue and expenditure for the current financial year is estimated at 227 mill. pesos, of which 156 millions or 68 per cent. of the total are expected to be derived from Customs duties.

Banco Mercantil del Paraguay.—This institution suspended payment in 1920 and was granted a moratorium until May, 1922, during which time it was anticipated that it would be in a position to meet its obligations. Although it was, during this period, able to improve its position considerably, it was found necessary to extend the moratorium granted to it until June, 1926. The liabilities of the bank have since been very considerably reduced and a very large number of its outstanding overdrafts covered up. A large proportion of small deposits, under \$500 paper Argentine and \$8,000 paper Paraguay, have been paid up in full. Congress has now sanctioned a further moratorium for eight months, during which time it is considered the bank will be able to come to a satisfactory arrangement with its creditors. (*Bank of London and South America Monthly Review*, August.)

Foreign Trade in 1925 and the First Quarter of 1926.—The total volume of foreign trade in 1925 was far in excess of that of any of the preceding years. The value of exports was approximately twice that of 1924, amounting to a round \$14 mill., while the value of imports increased by about 50 per cent., the total for the past year being about \$13 mill. In 1925 there was a favourable balance of about a million gold pesos, as against an adverse balance of nearly the same sum in 1924. The *Boletín de la Dirección de Tierras y Colonias* gives the following particulars of the main imports during the year:—

	Volume.	Value in gold pesos.
Cotton textile goods	... .. 1,798.6 tons	2,908,598
Flour	... .. 11,909.2 "	736,250
Wheat	... .. 10,623.6 "	393,313
Silk textile goods	... .. 14.8 "	202,148
Sugar	... .. 3,001.1 "	290,213
Woollen textiles	... .. 44.6 "	192,471
Potatoes	... .. 936.0 "	59,896
Wine in casks	... .. 1,289,994 litres	132,282
Bottled wines	... .. 17,677 "	14,816
Motor trucks, lorries, etc.	... .. 95 pieces	63,423
Motor cars	... .. 68 "	43,637
Pianos	... .. 53 "	16,001

Exports of tannin during 1925 were more than double those of 1924, amounting to a total of 64,662.3 tons as against 31,684.7 tons.

The July *Review* published by Bank of London and South America gives the following figures of imports and exports for the first quarter of the current year, in comparison with those of the corresponding quarter of the three preceding years (in gold pesos) :—

EXPORTS.	January.	February.	March.	Total.
1926 ...	697,900	1,078,200	1,079,100	2,855,200
1925 ...	740,300	1,110,200	471,800	2,322,300
1924 ...	919,600	462,100	323,100	1,704,800
1923 ...	625,500	357,100	716,900	1,699,500
IMPORTS.	January.	February.	March.	Total.
1926 ...	790,300	1,073,700	937,300	2,801,300
1925 ...	1,297,000	1,131,200	952,500	3,380,700
1924 ...	814,100	596,600	932,400	2,343,100
1923 ...	403,500	262,100	417,100	1,082,700

General Agricultural Intelligence.—The original estimate of the cotton crop for 1925-26 was 9,998 tons, nearly half of which was expected to be yielded by the plantations in the Central District. This estimate has since been reduced to but 7,000 tons, and it is probable that a further modification may yet be made. The quality of the fibre is quite good and generally better than in former years. There is a growing tendency on the part of the farmers to concentrate on this crop, since the country is particularly suitable for the cultivation of cotton; the soil is excellent, the climate very favourable and labour cheap. Whereas in 1922 only 9,790 acres were brought under cotton cultivation, in 1924 the total area devoted to this purpose was 48,000 acres. It is estimated that some 22 million acres could well be utilised for growing country in Paraguay.

The tobacco crop is gradually being improved in quality. Up to 1924 the inferior quality of tobacco constituted about 50 per cent., but in 1925 no more than 30 per cent. of the total crop. It is believed that in the near future the proportion of the inferior tobacco will be reduced to only 15 per cent. of the total harvest.

The cultivation of wheat is advancing. Up to the present this cereal has been grown only on a small scale; but the results have been excellent. The report on the tests made of grain submitted from various parts of the country indicates that the wheat of Paraguay is equal in specific weight to the average of Argentina. Despite the progress made in this direction there has been a steady increase in the importation of wheat and wheat flour.

The cultivation of the sugar cane in Paraguay is still in its infancy. In 1923 about 35,500 acres of land were planted with sugar cane, with an estimated production in 1924 of 370,286 metric tons of sugar. There are ten sugar refineries in the country, but these are by no means worked to their full capacity. This industry will probably develop well, since Paraguay offers opportunities for an unlimited cultivation of the sugar cane.

According to the special Paraguayan number of the *American Weekly* of Buenos Aires, cattle breeding is now the most promising industry in the Republic. The country is admirably adapted to this purpose and the market now offered by the packing houses operating within the Republic has given a great impetus to the development of the industry.

Contrary to their conservative attitude in earlier years, the farmers of Paraguay are now evincing a genuine interest in modern agricultural machinery, in which commodity British exporters should find an ever-improving market in the Republic. Whereas in 1917 only 21 steel ploughs were imported into Paraguay, in 1924 no fewer than 899 were purchased from abroad, and during the first four months of 1925 a total of 477 were imported. The Agricultural Bank of Paraguay is co-operating with importers of agricultural machinery in holding demonstrations of different kinds of ploughs in order to stimulate the interest of farmers. In May last an exhibition of the various types of agricultural machinery was held at Asunción.

TURKEY

POLITICAL AND GENERAL

The Economic Situation.—The present economic situation in Turkey is altogether unsatisfactory, writes M. H. Herlt in the *Oesterreichische Volkswirt* of August 7. The last bad harvest in Asia Minor caused great distress amongst the peasantry and left them in a state of financial exhaustion. The difficulties created by the expulsion of the Greeks from Asia Minor and the general economic disturbances arising therefrom, in addition to the dislocation of commerce at Constantinople arising from similar causes have not yet been made good. When the peasantry, as is the case at present, have no money, business in the towns is consequently at a standstill. Many of the shops in Constantinople still remain closed and a large number of bankruptcies have been registered. The situation at Smyrna, also, is much the same as at Constantinople.

One of the most manifest obstacles in the economic life of the country is that of high charges. Customs, port charges, etc., and freights all remain at a very high level, and as a consequence Constantinople is now the dearest port in the Mediterranean. Ships, as far as possible, avoid it and bunker elsewhere. In the course of a twelvemonth this represents a tremendous loss to the town. Goods, even when landed, generally lie idle for a long time at the docks, exposed to all the vagaries of the weather. The trading situation has been made even more difficult by the introduction of an income tax of from 4-5 per cent. and a turnover tax of 2½ per cent. These two taxes have caused a very considerable disturbance in business life, being entirely new in the life of the country. Cost of living is steadily rising, this being accentuated by the notable increase in the price of monopoly goods, for which the Government seems to have a fond liking. Formerly, only tobacco and salt were under monopoly control, but to these have now been added matches, cigarette papers, cartridges, sugar, petroleum, benzine and spirits. According to law there should be a profit of eight piastres per kilogramme on monopoly goods, but in actual practice the retail price is high and the profit greater. Before the introduction of the sugar monopoly sugar cost 47 to 48 piastres per oka (1¼ kilogramme); after its introduction the legal price was fixed at 55-56 piastres, but actually it costs 62 piastres. This is fairly illustrative of what is happening generally.

Much progress is undoubtedly being made with regard to the various railway systems, but the tariff is so high that the population generally derives very little benefit from them. General workers and State employees are in a bad position. Many are out of work and those who are employed receive scanty wages. Large numbers of workers have recently been emigrating to Egypt. In general, the outlook in the labour market is very uninviting.

Equilibrium has admittedly been established in national finances, but only under great sacrifices. Revenue has been estimated at £T.190 mill., and expenditure at £T.189 mill., thus showing a surplus of £T.1 mill., but these are only paper figures; nobody is in a position to state whether the new taxes are likely to yield the desired result. The Turkish pound is subject to appreciable fluctuations, but on an average stands at about one-eighth of its gold value, which is a fairly good result considering the poverty-stricken condition of Turkey after the war. The Government has done well in overcoming numerous difficulties without the assistance of foreign loans, while it has at the same time introduced numerous reforms and carried out public works which have demanded vast sums of money, but the Government now appears to be desirous of raising foreign loans, which could be well secured upon the Turkish portion of the yield of petroleum in Mosul.

In spite of all the unfavourable conditions the present

situation is by no means desperate. This year's harvest will probably prove very good and should considerably improve the general situation, especially as the settlement of the Mosul problem has removed the menace of war.

FINANCE

Supplementary Credits.—The decision of the Grand National Assembly to begin the financial year on June 1 rendered necessary the voting of supplementary credits, in addition to those in the quarterly budget. The original credits approved for the quarter ending May 31, 1926, which for the purpose is regarded as a prolongation of the financial year 1925–26, amounted to approximately £T.50 mill. Later supplementary credits have been found advisable, for which the sum of nearly 8 millions has been voted, over half of which was required for purposes of National Defence. The total of credits approved for the last quarter of the financial year 1925–26 thus amounts to approximately £T.58 mill. (*Buyuk Yol.*)

Banking Intelligence.—The municipality of Constantinople has decided to raise a three million dollar loan with an American group of financiers, to be issued at 93 and to bear interest at $8\frac{1}{2}$ per cent. The American financial group has demanded precise data of the total income of the town, its economic situation and much other detailed information. The municipality does not wish to pledge certain receipts of the town for the purpose of amortisation of the loan, preferring, rather, to assign a certain sum for that purpose out of the yearly budget.

Preparation is being made for the fusion of the Agricultural Bank in Angora with the Crédit National. This will make it possible for the Crédit National to utilise the excellent system of branches belonging previously to the Agricultural Bank and will probably lead to a considerable strengthening of the financial situation of the joint banks. The news of the fusion has occasioned a rise in the Crédit National stocks and shares.

A new commercial and agricultural bank has been founded in the vilayet of Nigidi, with a capital of £T.30,000. The statutes have been approved by the Turkish Government.

At the general meeting of the Turkish Labour Bank it was announced that the net profit for the business year just closed amounted to £T.402,523, and that the present capital had been raised to £T.2 mill. (*Mittel-europäische Wirtschaft, Neue Freie Presse, July 24, 31, August 14, 21 and 28.*)

TRADE

Monopoly Concessions.—The organisation of Polish agricultural distilleries has lately obtained a concession for 25 years which has assured them the monopoly of spirits in Turkey. This concession carries with it the monopoly of the production, sale, importation and exportation of all alcohol, alcoholic drinks and liqueurs, beers and wines. It is therefore a very important concession and testifies to the measure of confidence the Turkish Government has in the Polish association. This confidence is absolutely justified, as the Polish spirit industry has been in a flourishing condition since the war.

The spirit monopoly in Turkey will be managed by a Turkish limited company, a portion of the share capital being the property of the Turkish Government and the remainder the property of the Polish Association. The Turkish company will exercise all the privileges arising from the concession, paying the Government a suitable sum each year for the privilege and reserving for themselves a portion of the net profits.

The duties on the concession of the Polish association are causing considerable debate in the Orient, this concession being one of the most important that Turkey has granted since the war. The agricultural distilleries of Poland have the right to export a portion of the surplus production in Turkey over a fairly long period. As a result of this concession a considerable number of Polish technicians are now very busy in Turkey.

The new concession for the gunpowder and explosives monopolies in Turkey has been granted to the Withall group. This company will pay the Turkish Government £T.550,000 every year in addition to a specified portion of their turnover. The annuities for the first three years must be paid in advance.

Fostering Trade and Industry.—Under the provisions of a law granting aids to industrial enterprise in Turkey factories for the transformation of raw or half-finished materials, that are established or shall be established in accordance with the Government regulations, 1.13 acres of uninhabited State land will be granted to certain concerns, free from the land tax, income tax, and all additional rates in the nature of taxes voted by the Government or the municipalities. Raw materials necessary for the construction of, or necessary for use in, such factories and not produced in Turkey, as well as machinery and materials necessary for the establishment of the communications for such factories, shall be admitted into Turkey free of duty.

Industrial enterprises of citizens not of Turkish citizenship, including sugar factories or refineries established under Government concession, shall enjoy the privileges granted in this law equally with Turkish citizens. All privileges are granted under the condition that the recipient uses a minimum motor power of five horse power, possesses installations, buildings and machinery of a minimum value of 1,000 Turkish pounds and pay annually not less than £T.750 in salaries to workmen.

According to the *Mittelleuropäische Wirtschaft, Neue Freie Presse* of August 21, Rachmi Bey, Minister of Commerce, informed Press representatives that a free zone is to be created at the port of Constantinople in accordance with a decision of a recent Cabinet meeting of the Angora Government. The site, limits and organisation of the zone will be fixed by a Special Joint Commission from the Ministries of the Interior, Finance, Commerce and Foreign Affairs. The Turkish Chamber of Commerce is behind the Government's decision. After examining the measures needed to assure the development of the port on modern lines it arrived at the conclusion that the creation of a free transit zone, like that of Hamburg, would greatly benefit the economic life of the city. With the establishment of a free zone it is expected that Constantinople will reap a subsidiary advantage, among others, in a considerable increase in

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local employment, due to the handling of goods intended for through transit. The authorities are trying to prove that Turkey is no longer a country of delays and formalities of an intricate and useless nature.

On account of the many inconveniences caused by the introduction of the monopolies for naphtha and sugar, states the *Mitteleuropäische Wirtschaft, Neue Freie Presse* of July 31, the Turkish Government has permitted the free importation of these articles on presentation to the monopolies administration of the necessary documents.

INDUSTRY

Electrification in Turkey.—Electrical enterprises are making great strides in Turkey and are now of considerable importance. According to the *Wirtschaftliche Nachrichten*, German firms are making great efforts to obtain the lead in this industry and, failing Government contracts, are going all out for municipal work. For example, extensive works were undertaken recently at Trapezunt and Inebolu, all of which were financed by private capital. Further electrical work has been undertaken by the German firms in the town of Malatia, which possesses a four kilometre water power canal. German firms have also concluded negotiations for the erection of a power station and construction of an electrical system at Caesarea, which possesses a water power canal of eight kilometres. In addition, surveys for similar work have been carried out at Kerasunt, Bafra and Tokat. A large number of other towns are now definitely drawing up plans for similar works, notable among these being Samsun and Konia. Mersina and Tarsus have already for some months been operating their own electrical works, while extensions to existing works are being considered at Adana and Adelia.

AGRICULTURE

General Harvest Prospects.—The prospects of the crops which constitute the mainstay of the economic life of the country are as follows, as far as it is possible to judge at present:—

Cereals.—Notwithstanding the much greater area under cultivation as compared with last year's, it is thought that the yield will be slightly inferior owing to unfavourable climatic conditions. The abundance of the 1925 crop had caused a reduction of the importation of foreign wheat into Constantinople from 138,000 tons to 330,000 tons; for the whole of Turkey imports of wheat were 173,174 tons.

Raisins.—The yield of the Smyrna regions is estimated at 50,000 tons, as against 30,000 in 1925.

Figs.—The crop for the year is estimated at 30,000 tons against 19,000 in 1925.

Nuts.—The Kerassund crop, which amounted to 400,000 kantars in 1925 (1 kantar = 56 kilogrammes) is said to be only 100,000 kantars in 1926; a considerable deficiency is also reported in the Trebizonde and Ordou crops.

Opium.—Reports from all parts place the total yield at 3,500 cases, as against 4,500 in 1925.

Tobacco.—It is expected that the yield will be smaller than in 1925, especially in the Samsun region. The following are the quantities of tobaccos exported during the last three years (in kilogrammes): 1923, 24,524,025; 1924, 26,874,844; 1925, 31,952,152.

Silk.—Contrary to previous estimates, the production of fresh cocoons in the Broussa region was only 550,000 kilogrammes, as against 650,000 kilogrammes in 1925. On the other hand the Adalia crop was 25,000 kilogrammes, as against 7,000 in 1925.

Cotton.—The Smyrna crop is estimated at 45,000 bales which is a very good yield; the Adana crop promises to be at least as good as that of last year. (*Ottoman Bank Circular*, July–August.)

Cultivation of Oranges and Lemons.—The culture of citrous fruits (lemons and oranges) is developed in various of the more protected regions in Anatolia, such as the Rizé, which adjoins the Soviet frontier, and that of Deurt-Yol, in the neighbourhood of the Syrian border. It is this last locality which is the principal centre of production, the temperature rarely being more than 30 degrees. Deurt-Yol itself is a distance of eight kilometres from the sea, 110 kilometres from Adana and 29 kilometres from Alexandretta. The climate is more temperate than in Adana, where it is generally about 50 degrees. Deurt-Yol is more noted for its orange than its lemon plantations. The national production of this latter fruit is far from sufficient for the needs of the country, which is largely dependent upon foreign supplies. In 1923 Turkey imported a total of 6,994,067 kilogrammes of lemons, of which two-thirds were furnished by Italy, as shown by the following figures (in kilogrammes):—From Italy, 4,645,202; Syria, 1,711,299; Greece, 9,490; Rumania, 4,223; India, 1,020; Egypt, 366; Russia, 204; Persia, 17; other countries, 618,741; total, 6,990,562.

These imports cost over £T.500,000 (actually £T. 514,886). Italian lemons are 330 to a case, costing from 260 to 320 piastres, according to quality. Russia buys a large quantity of lemons from Turkey and this export receives exemption from duty at the Russian Customs.

In 1923 Turkey imported 63,887 kilogrammes of oranges and exported 239,376 kilogrammes, to a value of £T.12,042, thus showing a satisfactory surplus of exports over imports. The Deurt-Yol region possesses 114,000 orange trees, which in 1924 yielded more than 38 million oranges. Each tree in its prime bears from 500 to 2,000 oranges each year and continues bearing for over 50 years. The production of the Deurt-Yol region was 60 million oranges in 1913; 100 millions in 1914; 28 millions in 1923; 38 millions in 1924. They realised from three to eight pounds per 1,000. The cost per ton for the transport of oranges in cases is 4.38 piastres per kilogramme.

COMMUNICATIONS

Restrictive Shipping Regulations.—The Turkish Press announces that as from July 1, 1926, the restrictions granted by Article 9 of the Commercial Convention attached to the Treaty of Lausanne will be put into force. By this Article Turkey retains the right to reserve maritime cabotage to her own ships, or in other words, only Turkish-owned ships will be permitted to ply for coastwise traffic between Turkish ports. Until July 1, three British, three French and three Italian shipping companies were permitted to ply for coastwise traffic.

Commenting upon this the *Wirtschaftliche Nachrichten* says that despite the Lausanne Agreement the Turkish Peace Delegation, acting under the pressure of representatives of Great Britain, France and Italy, had to agree to allow three shipping companies of each of those mentioned countries to do business in Turkish waters for a period of two years. The British companies concerned in this privilege are the Khedival Mail Line Steamship and Graving Company, Ltd., the Patriotic Steamship Company and the Ellerman Line, Ltd. Up till recently the Khedival Mail Line was the only British company that maintained its services in this coastal traffic, but several foreign companies, the Compagnie Paquet, the Messageries Maritimes, the Lloyd Triestino and the Servizi Marittimi den Kustenverkehr being the ones in question, also maintained a service, but did not succeed in obtaining much business. The Turkish merchants generally gave their preference to vessels of their own nationality. Consequently foreign lines were more or less squeezed out except in small places like

Mersina and Adalia, where no regular calls were made by the Turkish lines. The foreign concessions came to an end at the end of June, 1926. The only Turkish line that has advanced much with regular services is the Seiri Sefain, which has received Government subsidies. This line has recently made considerable purchases of ships. Most of the Turkish private lines are chiefly engaged in the transport of coal, cereals, flour and wood. After the conclusion of the Peace Treaty the Turkish lines expected really good business and bought up numbers of old ships in this expectation, but their hopes were not realised and a crisis has set in.

In connection with the foregoing information it is interesting to note that the port traffic at Constantinople during March and April last, as given by the *Wirtschaftliche Nachrichten* of July 31, was 153 vessels entering, bearing the following flags: British 18, Italian 56, Rumanian 32, French 22, Bulgarian 6, Russian 6, German 6, Greek 3, Dutch 2, American 1, Belgian 1. These vessels landed a total of 5,007 passengers and embarked 2,676.

Railway Policy.—The Government programme for the construction and extension of the railway systems in Turkey, which at present covers 4,541 kilometres, has now been put well in hand, says the *Wirtschaftliche Nachrichten*. At the same time great attention is being given to improving and modernising the rolling stock and railway administration generally. Provision is being made for the construction of locomotives, waggons, etc., of the latest and most modern construction. The permanent way has been improved and work has begun upon new railway buildings. Special repair works have been erected at Esk and these are now actively engaged in repairing and overhauling old locomotives. Still further repair works are to be erected and these are soon expected to enable double the number of engines, etc., to be repaired per annum. A railway congress was held recently at Angora and was attended by leading experts in all branches in order that they might consider and discuss the best means of improving the railways and work them on the most economical basis. The difficulties have been very great but these are evidently being steadily overcome and steady progress is now being made.

PUBLICATIONS RECEIVED.

Bibliography of Unemployment. Studies and Reports Series C (Unemployment), No. 12. (Geneva and London: Messrs. P. S. King & Son, Ltd. International Labour Office. Price, 2s. net.)

Britain's Economic Plight. By Frank Plachy, Junr. (London: Ernest Benn Limited. Price, 7s. 6d. net.)

History of the International Labour Office. By the Rt. Hon. G. N. Barnes. With an introduction by Emile Vandervelde. (London: Williams & Norgate, Ltd. Price, 3s. 6d. net.)

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STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date. 1920.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.
Jan. 16	367.9	296.6	1923.			1925.					
May 14	391.2	325.5	Apr. 20	198.5	162.0	Jan. 16	174.8	171.0	April 16	148.1	143.6
July 16	418.8	316.9	July 20	177.3	156.5	Feb. 13	175.2	168.9	May 21	150.2	144.9
Dec. 17	257.0	263.8	Oct. 19	166.0	158.1	Mar. 13	172.8	166.3	June 18	151.7	146.5
1921.			1924.			April 17	161.9	162.5	July 16	153.9	148.7
Jan. 14	244.2	245.9	Jan. 18	178.6	165.4	May 15	158.7	159.0	Aug. 20	155.8	
Apr. 15	202.8	204.8	Feb. 15	187.9	167.0	June 19	160.6	157.6	" 27	154.7	
July 15	194.4	194.1	Mar. 14	182.1	165.4	July 17	160.3	157.5	Sept. 3	154.8	
Oct. 14	170.2	180.7	Apr. 18	177.5	164.7	Aug. 14	158.6	157.0	" 10	151.5	
Dec. 16	153.2	167.9	May 16	171.2	163.7	Sept. 18	158.3	156.0			
Dec. 30	150.0		June 20	167.8	162.6	Oct. 16	154.1	154.8			
1922.			July 18	167.1	162.6	Nov. 13	153.2	153.7			
Jan. 20	144.0	164.0	Aug. 15	175.3	165.2	Dec. 18	153.0	153.2			
May 19	162.1	160.6	Sept. 19	167.9	166.9	1926.					
July 14	165.1	160.3	Oct. 17	172.5	170.2	Jan. 15	151.6	151.3			
Sept. 15	161.2	154.3	Nov. 14	173.3	169.8	Feb. 12	148.4	148.8			
Dec. 15	161.2	155.8	Dec. 12	171.7	170.1	Mar. 12	146.1	144.4			

TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921.	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
1925.												1925.
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	Oct. 30
1926.												1926.
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	Mar. 26
June 18 ...	73.6	163.6	60.4†	121.1	83.5	109.4	89.9	127.3	105.1	77.6	101.15	June 18
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
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
" 10 ...	83.7	174.5	60.4†	111.4	92.2	103.1	102.9	111.5	90.1	80.0	100.98	" 10

† Nominal. * Revised Quotation.

SECURITY PRICES.

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

IN NEW YORK.				IN LONDON.		IN NEW YORK.				IN LONDON.	
Week ending	Indus- tri-als.	Bonds.*		Indus- tri-als.	Gilt edged.	Week ending	Indus- tri-als.	Bonds.*		Indus- tri-als.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7	1925, Jan. 3	150.7	101.6		133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6	" 17	151.8	101.9		137.8	117.5
Aug. 20	<i>80.3</i>	90.4		105.4	93.3	June 6	158.2	105.3		128.0	115.3
Oct. 29	91.1	92.0		<i>91.1</i>	94.4	" 27	160.0	104.7		123.7	<i>113.0</i>
1922, Jan. 1	100.0	100.0		100.0	100.0	July 18	165.9	103.2		<i>120.4</i>	115.5
May 13	114.6	102.4		114.9	117.9	Aug. 1	165.8	<i>101.5</i>		122.2	115.7
Sept. 16	123.8	107.6		115.2	112.5	" 22	176.2	102.5		126.3	117.3
Oct. 7	123.9	106.1		113.3	<i>111.7</i>	Dec. 19	188.9	103.3		130.6	112.8
1923, Jan. 1	121.7	102.5		119.5	113.3	1926, Jan. 2	195.5	103.6		133.3	113.0
Mar. 17	129.2	98.5		129.3	117.0	" 9	196.1	103.6		135.1	113.1
" 24	127.3	<i>97.8</i>		129.0	118.1	Feb. 13	199.9	104.9		132.0	114.8
Apr. 28	124.1	99.3		137.9	122.8	Apr. 17	<i>168.7</i>	106.9		121.8	113.3
June 9	119.7	100.8		130.6	123.5	May 1	176.8	107.6		122.6	114.7
Oct. 27	<i>105.7</i>	99.7		126.5	119.7	" 8	172.9	107.2		<i>119.5</i>	112.5
1924, Jan. 1	117.4	98.4		121.3	114.5	Aug. 14	205.5	106.3		123.9	113.5
" 19	119.1	100.1		119.1	<i>112.2</i>	" 28	199.6	106.4		128.6	112.7
June 21	115.3	103.3		<i>118.2</i>	118.0	Sept. 4	201.9	106.7		128.2	112.5
Nov. 8	130.1	103.7		133.7	120.4	" 11	200.0	106.7		129.3	112.3

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

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