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COMMENTS

IN last week's issue of THE ECONOMIC REVIEW we expressed our surprise at the suggestion made in a recent leading article in the *Times* that according to the latest reports Russia is returning to integral communism. We pointed out that reports from Russia by no means warranted such a conclusion, and that, on the contrary, they contained certain indications of a gradual drift towards capitalism. Our view finds unexpected support in a statement just published in the *Isvestia* (No. 210). This statement is made by the "representatives of organised private capital," and its signatories include the President of the Moscow Mutual Credit Society, the President of the Commercial and Industrial Mutual Credit Society, the Deputy President of the Moscow Discount Mutual Credit Society, etc., etc. The statement is an appeal to the public to subscribe to the new Soviet Lottery Loan, and hope is expressed in it by the Soviet financiers that "the private money market will undoubtedly show great interest towards this loan." It is a 30 million rouble loan to be repaid in five years and with a first prize of 100,000 roubles. Our readers will agree that this looks extremely unlike a return to communism.

ONE of the essential peculiarities both of Soviet leaders and of the Soviet Press is that they frequently point out their own shortcomings with astounding frankness, but never have the courage of drawing the only logical conclusion that can be drawn from such admissions. In a recent leading article, for instance, the *Economitches-Kaia Zhissn* reveals the great dearth of agricultural machinery in the villages and admits that the State industries are quite unable to satisfy the peasants' requirements. Further it is admitted that even what machinery can be supplied usually reaches the markets when the season is over, with the resulting anomaly that on the one hand there is a great shortage and on the other in many cases agricultural machines cannot be disposed of for many months. No solution is, however, suggested and the paper seems to be quite satisfied with the mere admission of the failure on the part of the State industries to cater for the wants of the population. The very fact of such an admission already means a certain amount of progress. It is to be hoped that eventually the Bolsheviks will be forced to go yet a step further and to abolish their trade monopolies, which, as they themselves now fully realise, are constantly preventing the country from achieving that economic recovery it so badly wants and of which it is quite capable if only its rulers gave it a chance.

THE conditions of the first instalment of the new loan to be issued by the French Sinking Fund Administration were made known last week. The loan will open

on October 7 and will close when a total of three milliard francs has been subscribed, but not later than October 15. The bonds, which will be of the nominal value of 500 francs, will be issued at par as from October 1, and will be repayable in not more than forty years. Bonds will be drawn for redemption on February 16 and August 16 every year, but the first drawing is not to take place until August 16, 1927. Subscriptions must be made in National Defence Bonds. Interest at the rate of 6 per cent. per annum will be paid on April 1 and on October 1. In addition to this there will be a bonus of 50 centimes per 500 franc bond for every 100 million francs received from the annual sale of tobacco over a fixed amount of two milliards. Such bonus is not to fall below 5 francs per year. The bonds will be repaid at a premium of not less than 100 francs per 500 franc bond, and equal to 5 francs per bond for every 100,000,000 francs received from the annual sale of tobacco over a fixed amount of two milliards. These bonds are to be exempt from all the special taxes on transferable securities.

THE German trade returns for the month of August again show an excess of imports over exports, although not so great as in the previous month. As was pointed out in these columns at the time, the July trade has influenced the effort to get foodstuffs into Germany before the new duties came into force on August 1. The August turnover has proved smaller than the July turnover, but no significance attaches to that fact, it being a slack month universally. The value of imports in August, excluding gold and silver, was 919,700,000 marks, compared with 942,077,000 marks in July. The value of exports in August was 833,900,000 marks, compared with 821,279,000 marks in July. The excess in the value of imports over that of exports was, therefore, 85,800,000 marks as compared with 120,798,000 marks in July. In June, which was the first month since December of last year in which imports exceeded exports, the excess amounted to 33,000,000 marks. The imports of foodstuffs decreased, in comparison with July, by 20,000,000 marks, and those of raw materials and half-finished articles increased by 8,700,000 marks. The imports of finished goods remained practically the same as in the previous month. Again there was an increase in the export of raw materials and half-finished goods, amounting in August to 20,000,000 marks; for this increase the coal trade was almost entirely responsible. There was a decrease of 10,000,000 marks in the export of finished goods.

A GENERAL meeting of the shareholders of the I.G. Farbenindustrie A.G. decided a few days ago to increase the company's capital from 646 millions to 1,100 million Reichsmarks, and our readers may be interested in the following particulars, given by the *Berliner Handelsgesellschaft*, concerning the German Dye Trust. Since its formation in October of last year this company has largely extended its field of activity by the acquisition of and participation in other concerns. Part of the new share capital is required for these newly acquired interests, while the remainder is to be devoted to the extension of nitrogen factories. The manufacturing

programme of the I.G. Farbenindustrie now includes all sorts of chemical products—in particular, dyestuffs, pharmaceutical products, and nitrogen. In dyestuffs, its original manufacture, the Trust experienced a certain amount of competition from those industries which had been built up in foreign countries during the war. The Trust, however, has been able to reach an understanding with its foreign competitors and this has made it possible for the combine to maintain its profits in the dyestuff line on their former level, notwithstanding a decrease in sales. Without the co-operation of the I.G. Dyestuff Ltd. in Manchester, Bradford, London and Glasgow this would have been impossible. With the help of foreign groups, an interest was acquired in the Deutsche Gasolin A.G. (formerly Hugo Stinnes-Riebeck Oel A.G.), and relations have been established with sales organisations in the oil trade. These transactions were concluded in conjunction with the Riebeck-Montan A.G., a concern which is on the point of being completely merged in the I.G. Farbenindustrie. The trust has also extended its interests to the manufacture of artificial silk, while recently it effected a merger with the so-called "powder group," which comprises the Koln-Rottweil A.G., Rheinisch-Westfälische Sprengstoff A.G., Siegener Dynamit A.G., Deutsche Celluloid A.G., and the Dynamit A.G. Nobel. Of these, the first-named has specialised in the manufacture of artificial silk under processes of its own invention. It has now become merged in the I.G. Farbenindustrie. With the other companies in this group "community of interest" agreements have been concluded and complete amalgamation is merely a matter of time. The formation of and concentration upon one homogeneous company is a further and decisive phase in the process of systematic amalgamation which has been going on for years in the chemical and dyestuffs industry, a process which can only be speeded up by such a decision as that arrived at by the shareholders at their recent general meeting.

IN the course of a speech delivered at a banquet previous to his departure from Poland, Dr. E. W. Kemmerer indicated steps made in the progress towards economic recovery in that country. He gave a summary of certain improvements which have become evident during the past few months. Epitomised they are as follows: (1) For three consecutive months the Budget was balanced, and the surplus of receipts was sufficient to cover the deficits of the previous two months, so that the period April–August closed with a surplus. (2) For practically eight weeks the exchange remained almost stable. In fact, the limits of the zloty's fluctuations were not wider than those of gold currencies. (3) The Bank of Poland had repaid its credit of 10,000,000 dollars to the Federal Reserve Bank of New York, and thereby released its gold deposited abroad. Moreover, the Bank had increased its ratio of reserve to note circulation from 34 per cent. in December of last year to 39 per cent. at the end of August. (4) Polish securities displayed a tendency to firmness. The 8 per cent. Dillon Read Loan, which declined to 83 in May last, is at the moment quoted at 90, and the 6 per cent. dollar loan, which declined to 61 in May, has recovered to a point over 70. Since May the Bank of Poland's shares have nearly doubled in value, while quite a number of industrial shares have more than doubled their value during the last few months. (5) The percentage of protested bills of exchange payable to the Bank of Poland has declined from 9½ in November to 2½ in July, and Dr. Kemmerer pointed out that one important American firm doing business in Poland had stated that its protested bills declined from 30 per cent. in November to 4 per cent. in August. (6) The average number of truck-loads carried by the Polish railways increased from 10,642 in January to 15,678 in August. Lastly, Dr. Kemmerer pointed out that the number of unemployed had fallen from 359,000 in July to 245,000 at the end of August. M. Klarner, the Minister of Finance,

was able to face the Diet cognisant of these improvements, and his speech when introducing the Budget for the last quarter of 1926 struck a more hopeful note than was possible earlier in the year. He affirmed that the Government realised what had been done and how much more remained to be done. The harvest was not as good as had been anticipated, and during the coming winter the Government proposed to regulate the distribution of food in order to avoid an increase in prices. Though it was intended to increase the revenue by certain fiscal reforms, care, said M. Klarner, would be taken that such taxation should not exceed the taxable capacity of the nation.

THE effect of the general strike and the coal stoppage on railway traffic is revealed in the statistics just issued by the Ministry of Transport for the month of June. The total number of passenger journeys, other than season-ticket holders', taken during the month was 73,556,015, a decrease compared with June 1925 of 34,908,367, or 32.2 per cent. The receipts from passenger traffic, excluding season-tickets, showed a decrease of £1,838,780, or 29.3 per cent. If the London railways, "tubes" and Metropolitan are left out of the reckoning, the figures show a decrease in journeys of 34,412,893, or 38.5 per cent., and a decrease in receipts of £1,822,853, or 30.3 per cent. For all companies, the receipts from passenger train traffic, season-tickets, parcels, and miscellaneous traffic were £1,967,635 less than in June 1925, a decrease of 23.6 per cent. The coaching train-miles showed a decrease of 8,561,511, or 38.3 per cent. The total tonnage of freight conveyed, excluding free hauled traffic, was 10,210,565, a decrease of 13,838,770, or 57.5 per cent. The total ton-miles were 45.4 per cent. less than in June 1925. Freight train receipts, less cost of collection and delivery, amounted to £5,332,201, a decrease of £2,653,571, or 33.2 per cent. The freight train-miles run were 4,119,777 less than in June 1925, equal to a decrease of 37.4 per cent. If a comparison is made of the half-year ended June 30 last with the corresponding period in 1925 large decreases of all traffic will be discovered, pointing unmistakably towards the abnormal industrial conditions prevalent in May and June of this year.

ALTHOUGH no official statement has been made, we understand that official approval has been given to a scheme by which the Post Office Savings Bank depositor will have the option either of withdrawing his or her money in the usual way or of obtaining a crossed warrant from the headquarters of the Department in Kensington. The warrant is to be negotiable, and, after endorsement, it will be permissible to use it for making purchases in precisely the same way as an ordinary cheque is now used. No date has been fixed upon which this scheme will commence to operate: the full details have yet to be decided upon by the authorities responsible for its initiation. The matter has, however, been given much consideration, together with other questions affecting Savings Bank procedure, but it is only upon these negotiable warrants, or "cheques" as they have been called, that a decision has so far been reached. The use of the word "cheque" is, perhaps, a little inapt, since there is no intention of issuing Post Office cheques similar to those in Continental usage. The reform, if one is made, will strike at improving the existing arrangements for the withdrawal of money. The latter have long been considered as cumbersome, and the crossed warrants which will in all probability be issued will be negotiable with tradesmen and others, but will be payable only through the medium of a bank. If such a scheme is introduced nearly thirteen million depositors will be affected, but it is assumed that such warrants will be utilised mostly by the larger depositors only, and then when they are away from the town or district in which they normally reside. Under those circumstances the proposal possesses many serviceable advantages.

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.)

QUESTIONABLE PROTECTION FOR EMPLOYEES.

By DR. ERICH LANGE, Berlin.

By a law dated July 9, 1926, the German Reichstag has undertaken a very interesting experiment in the matter of special protection for older employees—an experiment, however, which is by no means unobjectionable and which will in all probability fall a good deal short of the expectations of its promoters. It has been occasioned by the continued economic crisis, and, as is apparent from the motives expressed in the draft law and the unanimous interpretation of all parties in the Reichstag, the law is intended, by means of special protective provisions, to secure employees above the age of 25 against being given notice by their employers, provided the employees in question, after attaining that age, shall have completed at least five years' service in the undertaking. The period of notice to be observed by the employer shall in that case be three months, terminating at the end of a calendar quarter, while if the period of employment has been eight years the term of notice is increased to four months, if ten years to five months, and if twelve years to six months. Thus we are given merely a conscious tinkering at the symptoms of the economic crisis, the full effect of which on the labour market is veiled in respect to a restricted circle of persons. Obviously the Government is not in a position to carry out State measures of a comprehensive nature for the permanent improvement of the economic situation.

Exceptional provisions of this kind in favour of a small section of the working population are naturally a remedy of a double-edged nature—for at the present time its effect upon other spheres of labour cannot be estimated—unless, of course, the section in question has fallen into a condition of such unquestionable distress as to be obvious to the entire community. As a result of his preparatory enquiry of July 15, 1925, the Reich Minister of Labour himself has now been obliged to admit that in the absence of the result of the population and occupation census of 1925 it is impossible to state with certainty what the proportion of unemployment actually is among the older employees. On the other hand, according to the information of the Reich Insurance Department for Employees, unemployment among the older employees could hardly be materially greater than their share in proportion to the total number of employees. Before very long, therefore, the older working men also will with justice demand the same treatment, and it was only natural that during the discussion of the law the leader of the Social Democratic party, at the sitting of the Reichstag on July 2, 1926, should expressly emphasise the fact that that party desired that there should be no doubt that "together with the protection of the older employees, ways and means should be found in the further discussions to enact a social protective measure on behalf of the older men of the working classes also."

The realisation of this idea would mean, then, that the effects of an economic crisis would be shifted on to the shoulders of all the young workers alone. This consequence must be borne in mind in order to realise the full import of the law. In future it will always be the same sections of the working population who will be pushed to and fro between employment and the labour market, while, on the other hand, an increase in the number of superannuated persons at work will be promoted. As the law applies to employers who employ more than two employees—that is, the great mass of individual traders with modest capital—it will operate with special severity against classes of undertakings which are hardly able to bear the additional burden which it involves. And the more so, as its relation to

the Works Councils Law—which in certain circumstances also provides for the payment of special amounts as compensation in connection with the giving of notice by employers—has by no means been made clear. In view of the stabilisation of unemployment in Germany, therefore, it is inevitable that the younger workers also will seek to defend themselves and will demand remedial measures. What the consequences of such efforts must be to German industry in view of the simultaneous and energetic movement of the Social Democratic party for the compulsory engagement of out-of-work employees—and the labouring classes will soon come forward with a similar claim—about this there can be no doubt. Industries will then be no longer in a position to adapt themselves with the necessary mobility to changes in the economic situation from time to time, for the employer will be unable to introduce short time on current contracts on his own initiative. He would, however, have to possess at least this right as compensation for such a far-reaching freedom from notice on the part of his employees, in order to maintain his business in adverse times. Now he is compelled to pay out unproductive sums in wages to a staff too numerous in proportion to the use he can make of his business plant or resources, and this to an extent which may easily lead to an increase in receiverships and bankruptcies, which are already sufficiently numerous. The force of economic law will, as it always does, prove stronger than any legal enactments. Any overstraining of this protection against notice will have an effect contrary to that aimed at and will seriously injure all employees. It will injure the older employees by rendering it more difficult for them to obtain appointments, while in the case of the younger employees the result must be the institution of thorough and continued tests of their efficiency and the immediate dismissal of all who are unable to meet the highest possible requirements.

LOANS AND THE STABILISATION OF THE FRANC.

By M. PAUL APOSTOL.

Stabilisation cannot be accomplished without recourse to credit. This is an inevitable step for the stabilisation of the floating debt and of the short term debt; for the building up of a stock of gold and bills for operating purposes; and, during the initial stage at any rate, for covering any deficit in the general balance-sheet of the country. It appears that the Experts and the Government have considered the possibility of four kinds of loans. First of all, a large recourse to foreign credits. "One of the first steps to be taken with a view to the stabilisation of the currency," says the Report of the Experts (p. 34), "must be to obtain loans for as long a term as possible at the great international centres." Secondly, one type of the loans to be floated abroad might consist in the issue, or rather in the sale—since the issue by means of a transfer to the Trustees of two general bonds has already been effected—of the German obligations provided for in the Dawes Plan (issue suggested by the Experts in their Report, p. 34). Thirdly, the floating of a loan in gold francs simultaneously in French and foreign markets. Fourthly, a loan for the purpose of consolidation secured on the revenue allocated to the Sinking Fund.

Considerable recourse to foreign credit, however, does not seem practicable so long as the question of the French debt to the United States and to Great Britain has not been settled. The Report of the Experts is very explicit on this point. Foreign assistance, it declares (p. 44), presupposes a determination to ratify the agreements with the United States and Great Britain in spite of all objections, the importance of which the

Committee of Experts does not fail to recognise. We all know with what caution the French Government has had to pave the way for the ratification of the Franco-American agreement signed at Washington on April 29, 1926, in face of the opposition of public opinion and of an important section of Parliament. Recourse to foreign credit, therefore, has so far been denied it. The Government would appear to have contemplated two sorts of loan: first, a loan in gold francs to be floated simultaneously in France and on the leading foreign money markets; and secondly, a funding loan secured on the revenue assigned to the Sinking Fund, and particularly the revenue from tobacco.

Quite recently the Government seemed to incline rather to a loan in gold francs. Thus on September 1 the Paris Press published the following information: "In high quarters the possibility is being considered of floating a big loan towards the end of September. Two forms of loan are said to be under consideration: a funding loan which would allow the Government to consolidate a portion of the National Defence Bonds, or alternatively a gold loan open to quotation on the foreign money markets. The latter kind of loan is supposed to be the one most favoured by the Ministry of Finance." As a matter of fact, it is now known that the Government has decided on the other kind of loan, viz. a loan of 3 milliards of francs secured on the whole of the resources of the "Autonomous Fund for the administration of the National Defence Bonds, for the industrial exploitation of tobacco and for the redemption of the National Debt." The loan is to be floated between the 7th and 15th of October in bonds of Fr.500 at par, bearing a fixed interest of Fr.6, plus a varying return of 50 centimes per bond per annum for every hundred million of the yearly total from the sale of tobacco in excess of the amount of 2 milliards of francs. At the present rate of sale of tobacco the annual interest would amount to nearly 8 per cent., to which has to be added a redemption premium of at least Fr.100 per bond. French financial circles are convinced that this loan, the bonds of which will only be open to subscription on surrender of National Defence Bonds, will be speedily over-subscribed several times. On the Bourse, too, satisfaction is expressed with the form adopted for this loan, which in no way threatens the activities of the Paris money market seeing that the amount of the loan is relatively small, the period for subscription short, and that its sole object is to consolidate a portion of the floating debt. It is certain, however, that this loan is only a trial one, to be followed by several similar operations or by loans of a different type.

The French Press has had much to say lately of the proposed loan secured on the German bonds provided for in the Dawes Plan. M. Maurice Lewandowski, Managing Director of the Comptoir National d'Escompte de Paris, who was a member of the Committee of Experts, has published in the *Revue des Deux Mondes* a paper entitled "The Plan of the Experts: the German Reparation Bonds." This article was freely summarised and commented in the French financial Press. The floating on the international market of the German bonds, 52 per cent. of which accrue to France, would serve as the basis of a foreign loan which would not in the least involve French credit. M. Lewandowski points out that, in accordance with the Dawes Plan, eleven milliards (nominally) of railway debentures and five milliards (nominally) of industrial debentures, or a total of 16 milliards of gold marks, have been created. For the service of these bonds the charge imposed on the German railways is 550 million gold marks as from the financial year 1926-27 (and 660 million gold marks as from 1927-28) and that on German industry 250 million gold marks (300 million gold marks as from 1927-28). These charges cannot be regarded as heavy, especially as the German railways and industry are not burdened with any old debts, all their former liabilities having been wiped out by the depreciation of the mark.

Moreover, in case of necessity, should the revenue and reserve funds of the railways and industry not prove sufficient to ensure the service of the bonds, the whole of the deficit would be supplied from the so-called pledged Budget revenue—alcohol, tobacco, beer, sugar, Customs. The bonds thus secured represent a sure and profitable investment for international capital.

But the issue of these bonds on the international market does not depend on France. As a matter of fact these debentures have been handed over (under the form of two general bonds) to two trustees, M. Delacroix (a Belgian) and M. Nogara (an Italian). It is these two trustees who have the right to effect the sale of these bonds, subject however to two reservations—the authority of the Payment Agent, Mr. Parker Gilbert (an American), and the authority of the Reparations Commission, the chairman of which is a Frenchman. Up to the present the question has only arisen in connection with the railway debentures. In his Report dated June 1926 the Trustee declared that the first issue should not be of less than one or two milliard marks. He is of the opinion, however, that the present is not an opportune time for such issue, but adds that the situation may quickly change and that it is advisable to make ready at once for the operation.

M. Lewandowski ventures an explanation of the advice tendered by the Trustee in his Report. In most of the markets where the issue could take place, and especially in the American market, conditions are favourable. It is therefore towards France that we must look for an explanation of the caution shown by the Trustee. The issue must serve for the stabilisation of the franc, and if France is prepared to make the necessary effort in this direction by giving effect to the recommendations of the Experts the issue will be possible and practicable.

It is certain that France herself could share, with the United States, Great Britain and other countries, in the placing of the German debentures. French capital and French savings could subscribe a large part of these bonds, judging by the success of the subscription in 1924 of the slice of the German 7 per cent. Loan of the Dawes Plan. The subscription of German bonds would enable exported French capital to find its way gradually back home. It would also attract a part of the capital now invested in foreign securities quoted on the Paris Bourse, some of which are of doubtful security.

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

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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.]

CZECHOSLOVAKIA

FINANCE

Joint Stock Companies in 1925.—Detailed particulars of the situation of joint stock companies in Czechoslovakia and of the distribution of their capital in 1925, as compared with each of the six preceding years, are given in the *Zprávy Státního Úradu Statistického Republiky Československé*, No. 9. We have extracted the data for 1925, 1924 and 1919, a summary of which we submit below.

The number of joint stock companies and the amount of their capital at the end of 1925, as compared with 1924 and 1919, were distributed among the different provinces as follows (a, number of companies; b, amount of share capital in millions of Czechoslovak kronen):—

Province.	1919.		1924.		1925.	
	(a)	(b)	(a)	(b)	(a)	(b)
Bohemia ...	246	1,499.5	605	4,180.4	631	4,487.1
Moravia ...	109	507.6	184	1,277.2	191	1,317.5
Silesia ...	5	35.9	28	183.4	31	183.6
Slovakia ...	229	467.7	392	1,036.2	380	974.2
Russia, Subcarpathian ...	16	22.0	32	65.7	32	42.8
	605	2,532.7	1,241	6,742.9	1,265	7,005.2

Classified according to the nature of the undertaking, we have the following results:—

	1919.		1924.		1925.	
	(a)	(b)	(a)	(b)	(a)	(b)
Agriculture, horticulture, cattle raising etc., fisheries ...	4	8.1	9	49.2	9	48.0
Mines, minerals, extraction and preparation of peat ...	14	—	39	481.7	44	624.4
Stone, earthenware and glass industry ...	44	178.6	99	501.5	104	545.7
Metal industry ...	29	346.8	60	571.6	58	553.4
Machine construction, tools, and apparatus (except electrical apparatus), means of transport ...	27	405.2	70	748.1	71	735.5
Electrical enterprises ...	5	74.7	25	146.7	25	146.7
Wood-working, turned goods, sculpture, tapestry ...	28	101.5	67	291.9	64	246.1
Rubber, gutta-percha, celluloid and asbestos goods ...	4	27.8	12	51.9	13	66.8
Leather, skin, hair, feather and similar goods ...	11	39.8	21	89.4	22	91.4
Textiles ...	26	111.5	80	668.2	85	717.6
Clothing ...	3	12.4	23	99.1	23	109.7
Paper ...	7	33.0	20	102.6	20	98.6
Chemical industry ...	24	135.5	71	516.8	73	519.2
Building industry ...	7	29.4	24	83.8	23	65.1
Graphic industries ...	18	29.8	33	71.7	33	68.9
Power, heating and lighting enterprises ...	11	24.4	35	316.4	37	355.5
Preserves and food products ...	197	498.8	291	955.5	301	1,001.5
Hotels ...	2	3.1	2	7.1	2	7.1
Commercial professions ...	36	74.9	96	260.5	91	246.9
Auxiliary branches of commerce ...	6	2.8	18	25.7	19	19.7
Transport ...	77	228.5	106	595.6	109	629.6
Theatres, music halls, cinematographs ...	5	7.7	13	33.1	12	32.5
Baths ...	16	24.7	21	54.0	20	50.5
Other enterprises ...	4	1.3	6	20.8	7	22.8

Of the total number of joint stock companies 442 worked on a share capital up to the equivalent of C.Kr.1 mill.; 512 on one of C.Kr.1 to 5 mill.; 178 of C.Kr.5 to 10 mill.; 122 of C.Kr.10 to 50 mill.; 8 of C.Kr.50 to 100 mill.; and 3 on a share capital of over C.Kr.100 mill.

In regard to foreign companies operating in Czechoslovakia the situation of the total share capital of the various nationalities, together with the number of foreign companies, is given as follows: American, 2 with

a total capital of £121,000,000 and two with a total capital of \$534,317,821; British, 3 with a total capital of £15,090,000; Belgian, 3 with a total capital of Fr. 67,595,000; Danish, 1 with a capital of Kr.50,000,000 (Danish); French, one with a total capital of C.Kr. 5,500,000 and 3 with a total capital of Fr.281,000,000; Dutch, 1 with a capital of Fl.50,000,000; Italian, one with a capital of C.Kr.8,400,000 and two with a total capital of £88,800,000; Hungarian, 5 with a total capital of C.Kr.15,150,000 and 1 with a capital of Kr.5,000,000 (Hungarian); German, 1 with a capital of C.Kr.1,860,000 and 19 with a total capital of Mk. 1,100,900,000; Polish, 1 with a capital of C.Kr.1,200,000; Austrian, 7 with a total capital of C.Kr.45,030,174 and 17 with a total capital of Kr.2,046,500,000 (Austrian) and 1 with a capital of Mk.3,500,000; Rumanian, 1 with a capital of Cr.300,000,000 (Hungarian); Yugo-Slav, 1 with a capital of C.Kr.20,000,000; and Swiss, 2 with a total of Fr.1,150,000 (Swiss).

TRADE

Foreign Trade Returns January to July.—In July 558,352 tons and 56,378 pieces of goods to the total value of C.Kr.1,165,633,392 were imported, and 871,967 tons and 732,247 pieces to the value of C.Kr.1,335,931,648 exported, as compared with imports of 445,148 tons and 66,205 pieces to the value of C.Kr. 947,024,180 and exports of 1,063,217 tons and 594,818 pieces to the value of C.Kr.1,467,257,085 in July 1925. There was consequently a favourable balance of about C.Kr.170 mill. for this month, as against an adverse balance of approximately C.Kr.150 mill. in June last and a favourable balance of C.Kr.520 mill. in July 1925. Compared with June exports in July showed an increase of C.Kr.164 mill.

The amount (tons and pieces) and value (C.Kr.) of imports and exports during the first seven months of the present year, in comparison with the corresponding period of last year, are shown in the table below:—

	January to July 1926.		January to July 1925.	
	Imports.	Exports.	Imports.	Exports.
Tons ...	3,549,359	5,695,656	2,992,802	7,087,485
Pieces ...	633,563	4,538,592	612,065	4,844,828
Value ...	8,675,256,115	9,242,454,492	8,092,308,228	10,386,891,639

Foreign trade during this period resulted in a favourable balance of about C.Kr.567 mill., while the favourable balance of trade for the first seven months of 1925 was approximately C.Kr.1,394 mill. The main imports in July and during the period January to July are shown in the table below (in Czechoslovak kronen):—

Imports.	July 1926.	January to July 1926.
	Cereals, malt, pulse, flour ...	243,992,840
Wool—		
Raw wool ...	114,417,640	699,583,503
Yarns and manufactures ...	24,213,089	182,686,340
Total ...	138,630,729	882,269,843
Cotton—		
Raw cotton ...	75,351,847	1,106,436,911
Yarns and manufactures ...	21,596,876	204,724,536
Total ...	96,948,726	1,311,161,447
Fats ...	65,362,422	416,760,465
Tobacco ...	49,785,909	267,604,400
Silk and silk goods ...	42,978,677	278,312,262
Machinery and apparatus ...	38,736,763	279,895,584
Minerals ...	37,503,273	206,166,754
Common metals and wares ...	34,774,865	282,234,506

The leading exports for the same periods were as follows (in Czechoslovak kronen):—

Exports.	July 1926.	January to July 1926.
	Sugar ...	190,847,967
Cotton, yarns and goods ...	172,582,390	1,400,341,644
Wool, yarns and goods ...	145,741,830	833,389,579
Iron and iron ware ...	105,277,884	716,720,906
Glass and glass ware ...	101,877,138	697,347,063

Exports.	January to	
	July 1926.	July 1925.
Grain, malt, flour	80,746,987	473,470,740
Coal	61,714,049	424,155,643
Timber	55,473,648	341,300,822
Flax, hemp, jute, yarns, and goods	42,389,499	304,122,088

* Including 748 tons of raw cotton at C.Kr.3,951,881.

Coal exports decreased by about 25,000 tons and imports increased by nearly 11,000 tons in July 1926 as compared with July 1925. Timber exports dropped from 376,174 tons in July 1925 to 166,746 tons in July 1926. There was, however, a considerable growth in consignments abroad of sugar, cereals, etc., and minerals. The outstanding feature of the import trade was the rise from 47,922 tons in July 1925 to 115,375 tons in July 1926 in the purchases abroad of cereals, malt and pulse foods. (*Prager Presse*, September 3.)

Sugar Exports.—The exportation of sugar during the campaign 1925-26 (October 1925 to June 1926) amounted to 7,463,425 quintals of sugar to the value of C.Kr.1,785,908,815, as against 7,586,337 quintals to a total value of C.Kr.2,323,205,873 for the campaign 1924-25. The following table shows the distribution of sugar exports among the various leading markets (in Czechoslovak kronen):—

Country of destination.	Campaign 1925-26.	Campaign 1924-25.	Difference.
Great Britain ...	336,674,592	396,073,067	— 59,398,475
Switzerland ...	184,361,864	193,217,942	— 8,856,078
Via Hamburg ...	623,341,112	684,734,020	— 61,392,908
Italy ...	47,372,342	481,197,755	— 433,825,413
Austria ...	151,884,729	195,762,170	— 43,877,441
Germany ...	22,025,319	15,933,926	+ 6,091,393
Yugo-Slavia ...	2,158,107	1,429,748	+ 728,359
Via Trieste ...	282,284,811	144,929,228	+ 137,355,583
Other countries	133,805,939	209,928,017	— 74,122,078
Total ...	1,785,908,815	2,323,205,873	— 537,297,058

(*Gazette de Prague*, September 8.)

Commercial Treaty and Trade with Hungary.—Negotiations for a commercial treaty with Hungary were renewed at Prague on July 31, chiefly for the purpose of readjusting the Customs duties on agricultural produce. For some time past Hungary has considered that her export trade to Czechoslovakia suffered unduly on account of these burdens. On the other hand, it is maintained in Czechoslovakia that Hungary enjoys a peculiar advantage in the Czechoslovak market, particularly for her agricultural produce. The Hungarian flour-milling industry is able to purchase home grain at a lower price, pays lower wages and enjoys cheaper transport than the industry in Czechoslovakia, and is therefore able to compete successfully with this industry in Czechoslovakia. In 1925 Czechoslovakia purchased 25 per cent. of Hungary's entire exports, and is, indeed, an indispensable market for Hungary. It is expected that the present treaty will take full cognisance of the natural industries in the two countries and that its conclusion will generally stimulate the commercial exchanges between these neighbouring States, without injuring any particular industry in either country.

In view of these negotiations for a commercial treaty, the *Central European Observer* of August 13 publishes the following particulars of the extent of trade between Czechoslovakia and Hungary:—

	Czechoslovak exports to Hungary. C.Kr.	Percentage of total Czechoslovak exports.
1921...	3,066,439,359	11.23
1922...	1,588,520,959	8.78
1923...	713,804,634	5.68
1924...	1,034,775,848	6.66
1925...	1,177,667,864	6.26
	Hungarian exports to Czechoslovakia. C.Kr.	Percentage of total Hungarian exports.
1921...	925,578,299	16.04
1922...	683,748,230	15.03
1923...	353,030,460	11.64
1924...	877,873,776	24.06
1925...	1,120,577,931	24.11

In the first half of 1926 Czechoslovak exports to Hungary attained a value of 529 million kronen; Hungarian exports to Czechoslovakia one of 411 millions.

INDUSTRY

The Industrial Situation.—Some improvement may be recorded in the conditions of various industries, notably in coal mining, agricultural machinery, linen and jute. Unemployment, however, shows an increase, owing to the depression which becomes more and more accentuated in others, such as cotton, wool, glass and porcelain. The official statistics give the number of unemployed as about 70,000. This figure is based on the Ghent system and does not include a large number of workers who are on short time or only partially employed. The problem, however, is receiving the attention of the authorities, and various plans for alleviating the situation are now being considered.

The production of coal compares favourably with the output in June and July. This is partly due to a larger demand in the home market, where requirements for the approaching sugar season and the usual laying in of stocks for the winter have to be met, and partly to orders for German and Italian account. Exports of coal have been facilitated by a reduction in freight rates on the Czechoslovak railway lines concerned, with the result that the local trade was enabled to quote within the price limits stipulated by foreign purchasers. Shipping space on the Elbe, however, has become scarcer and river freight rates registered a marked increase during the month. The bulk of the coal shipped to Germany appears to be destined for Norway and Sweden, while little, if any, goes to Great Britain. The coal strike may thus be said to have benefited mining in Czechoslovakia indirectly; a permanent improvement in the industry can only be brought about by an amelioration of the general economic conditions.

Czechoslovak engineering works have succeeded in obtaining several valuable contracts abroad. The Vitkovice Iron Works, for instance, which are among the largest in the country, are about to start the erection of modern tube works in Russia, after having built a large electric power station near Moscow last year. Soviet delegates are also negotiating here for the supply of 5,000 under-carriages for railway waggons, and for generators for the electric power stations at Kiev, Salatov and Nijni Novgorod with a capacity of from 3 to 25,000 kw.

Conditions in the cotton industry show no improvement since Germany has restricted her purchases of yarn in this market, while Italian competition in the Balkans is severely felt. (*Czechoslovak Market*, August.)

SOCIAL AND LABOUR CONDITIONS

The Housing Problem.—Under the Housing Act of 1920, the Ministry of Public Works approved, between July 1, 1921, and May 31, 1926, plans for the erection of 26,175 houses containing 56,289 dwellings. The total estimated cost was 4,452 million kronen, and the State subventions towards this outlay amounted to 3,256 millions. Of the houses above referred to, 2,113 containing 12,260 dwellings were in Greater Prague, the erection costs being 1,131 million kronen and the State subventions amounting to 848 millions.

In a review of housing conditions and rent regulations in Czechoslovakia the *Central European Observer* of July 9 points out that, as in other countries, the law passed in Czechoslovakia abolishing freedom of contract in respect of tenancy and fixing maximum limits of rent, necessary as it was under war and post-war conditions, had grave disadvantages and produced unfavourable results, which have become more pronounced as economic life has gradually assumed a more normal aspect. While the value in gold in terms of the Czechoslovak krone has increased seven-fold and the prices of commodities some nine or ten-fold, rents in Czechoslovakia are only about twice as high as before the war. This dis-

proportion has of course resulted in a number of anomalies very disturbing to the even tenor of economic life. First of all, it has made private building enterprise impossible, for the rents which would have to be charged to bring a return on cost of erection made competition with the rents of previously existing houses quite out of the question. To produce a due return for the money laid out on a new house it would be essential to demand a rent far beyond the amount allowed by the control Act referred to above. The result was stagnation in the building trade, followed, of course, in the towns by a serious shortage of housing accommodation, which in its turn called for fresh intervention by the State in the form of building subsidies. The conditions became intolerable and called for an early repeal of rent restriction and for the removal of the burden hitherto resting on the State of providing extensive financial support for building operations.

The remedies proposed are embodied in a Bill to amend the Tenants' Protection Act. The main idea of the Bill is that the rents charged for houses hitherto subject to control shall be approximated to a level corresponding to the value of the currency and the price level of to-day. This will mean something like a five-fold increase on the pre-war level of rents. The Bill provides for rents to be raised by 50 per cent. annually from the year 1928 to the year 1934, so that the total increase will be 350 per cent., exclusive of increases that have been made in the meantime under other enactments. All this increase of rent does not, however, go into the pockets of the landlords, for a portion of it must be handed over to a special State Housing Fund.

In return for the amount of rent thus handed over the house-owner receives from the State Housing Fund at the close of the year $4\frac{1}{2}$ per cent. bonds which are redeemable in 40 years, commencing in 1934 with the redemption of at least one-fortieth of all bonds issued. Out of the money thus raised the Housing Fund will grant subventions in various forms to encourage building operations, the most important species of support taking the form of cheap loans up to the extent of 60 per cent. of the cost of construction. Henceforth support for new house construction will be given solely out of the special Housing Fund, so that the State Treasury will be relieved of what has hitherto been a burdensome call upon its resources.

The Bill provides, of course, for other forms of support to enable cheap houses to be erected. New houses are to be freed for a lengthy period from taxes and rates. Houses built without the aid of the State Housing Fund and providing accommodation for persons of limited or moderate means will be free from taxes for a period of 40 years; if built with the aid of the State Housing Fund for a period of 25 years. All other buildings as well as large houses will be free from taxes for 35 years.

The Bill will come before Parliament in the autumn session. If passed, its most outstanding effect will be to revive all the various branches of the building trade, now suffering from complete stagnation.

DANZIG

POLITICAL AND GENERAL

The League of Nations and Danzig's Economic and Financial Problem.—Among the important questions to be considered by the League of Nations during the present Assembly is the financial problem of the Free City of Danzig. When the Free City, created by the Treaty of Versailles, found itself in the throes of a financial crisis it applied to the High Commissioner of the League of Nations at Danzig, Professor van Hamel, so that he might place the matter before the Council. The fact is that the national existence of Danzig, faced with a deficit of 15 million Danzig gulden, is in a parlous condition unless a drastic reduction in State expenditure be speedily brought about.

The causes of this financial disaster are two-fold. On the one hand they are to be found in the method of administration, which brings in its train a veritable army of officials, to which must be added the effect of the present industrial crisis and the large number of unemployed. Out of a population of 350,000 people 14,000 are in receipt of unemployment benefit. The second cause of the trouble is due to the industrial union of Danzig with Poland. Under the Treaty of Versailles the Free City of Danzig on its withdrawal from the German Empire, although regarded nationally as an independent State, for the purpose of excise revenue forms part of the Polish Customs zone, that is to say the same restrictions imposed by Poland on exports and imports are applicable to the Free City. Further, according to the Convention of Paris, November 9, 1920, and the Warsaw Agreement, October 24, 1921, its share in the Customs revenue is regulated by the number of its population. The sum received by the Free City from the Customs revenue during 1924 was 18 million gulden; in 1925 it was twenty-one millions. Owing to the rigorous import restrictions which have followed the German-Polish industrial war and the depreciation of the zloty, the amount received by Danzig during the first six months of 1926 from this source amounts only to four million gulden, which will be further increased by 8 millions a little later on. In the meantime 16.6 millions had been budgeted for, leaving a deficit of 8.6 million gulden from Customs revenue alone.

In June of this year the disaster was foreshadowed. The Minister for Finance, Senator Volkmann, applied to the High Commissioner, pointing out the coming danger. He informed him that not only the State Treasury could no longer meet the demands made upon it, but that the State had already negotiated through the Bank of Danzig several short term loans. The Senate asked for the help of the Council of the League of Nations to adjust the position. On the suggestion of the High Commissioner a finance commission, which was attended by the financial experts of the League, M. M. Jacobsson (Sweden) and M. Janssen (Brussels), sat from July 10 to 15. It was decided to hold a meeting of the Finance Committee of the League of Nations in London, July 19 to 22, at which the representatives of the Danzig Senate and the Polish Government should be present. On this occasion it was suggested that Danzig should reduce its administrative expenditure by $10\frac{1}{2}$ per cent., or by 12 million gulden. This reduction was to be brought about by drastic cuts in the Administration of the Interior, by a reduction in the number of officials, by cuts in the salaries of officials, and, if this was not sufficient, unemployment benefit was to be curtailed. The proportion which Danzig should receive from the Polish Customs revenue for the next two years was also planned on a new basis.

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In the event of these conditions being carried out, the League of Nations will recommend a new loan to Danzig during the present session at Geneva. The amount of the loan it is believed will be somewhere in the neighbourhood of 60 million Danzig gulden and it is to be used for constructive measures.

This is the position of affairs at the present moment. There has been a certain amount of friction between the various parties in the Danzig Parliament as to the best way in which economies should be effected, as, while acknowledging that something has to be done, nobody is desirous of being the victim. It is possible that when the proposals come before the League of Nations, however, it will be found that the 46 million gulden, which is the official wages bill, have been reduced by 4 millions, 3 millions will be available from income tax receipts, owing to curtailment in social services, and 2½ millions by reduction in unemployment benefit. That will be 9½ millions accounted for; it is hoped to obtain the remaining 2½ millions by reorganisation of the Customs revenue.

The Polish Minister for Finance is conducting negotiations based on the recommendations of the Finance Committee of the League, as the result of which for two years dating from September 1 Danzig will be rendered independent of fluctuation in the Customs revenue, receiving its proportion in gulden and not in zlotys on a basis to be reckoned so that it cannot receive less than 14 millions and not more than 20 million gulden annually. (*Danzig Information Office Bulletin*, Sept.)

FINANCE

Foundation of an Anglo-Polish Bank.—According to a message from Danzig an Anglo-Polish Bank with a capital of 5 mill. gulden is shortly to be established, with the object of facilitating export in the Free City. The project has been on foot for some time, but the hitherto uncertain position of the Polish industrial concerns held the promoters in check. The enormous increase in trade during the past few months has, however, restored confidence, and although no date has been decided on for the opening of the new bank it is not likely that it will be unduly delayed.

Effect on Danzig of the Polish Financial Situation.—During 1925 and the early part of the present year both the Government and private undertakings experienced extraordinary financial difficulties. There was a general shortage of capital, while credits could be obtained only at extremely high rates. This serious situation was, it seems, largely caused by the prevailing financial and banking crisis in Poland. The Government of the Free City felt very keenly the drop in revenue derived from its share of the Polish import duties, owing to Poland's policy of restricting imports. In fact, the discounting of zloty drafts by the Bank of Danzig had to be discontinued after the decline in the Polish currency had assumed alarming proportions. Private firms and bankers experienced great difficulty in getting remittances out of Poland and were also badly hit by the sharp fall in the rate of exchange of the Polish zloty. Bankruptcies and liquidations showed a tendency progressively to increase; but it is difficult to arrive at the exact number of failures, since the official figures are at variance with those issued by the various financial and commercial corporations. The reduction of the Bank of Danzig's discount rate from 9 per cent. to 8 per cent. and its lombard rate from 11 per cent. to 10 per cent. in the early part of the present year has somewhat eased the situation, especially as private banks followed the lead of the Bank of Danzig. The opinion now prevails that the crisis has practically been surmounted, though not, of course, to the exclusion of all difficulties. Much also still depends on the course of financial affairs in Poland.

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TRADE AND INDUSTRY

The Question of the Customs Union.—In *THE ECONOMIC REVIEW* of April 23 last the question of Danzig's foreign trade since the introduction of the Danzig-Polish Customs Union was discussed from the Danzig point of view. The general opinion, as expressed by the Danzig and the German Press, is that this Union has had a retrograde effect upon Danzig's trade. This argument is now rebutted by the *Journal de Genève* of August 23, in which, quoting from a brochure by M. Alfred Siebeneichen, it is shown that although the statistics are eloquent testimony to the effect on Danzig of the general crisis that prevailed throughout Europe they do not prove that the Customs Union has been responsible for the unsatisfactory situation. On the contrary, the transit trade has actually shown a notable progression. Danzig has, in fact, suffered from a diminution in certain imports since the war, which before the war constituted the principal contingents of foreign trade—for instance, coal, petroleum, salt and cereals. But this decline is largely made good by the enormous growth of exports. The characteristic feature of Danzig's foreign trade at the present time is her change of rôle. The Free City is no longer a third-rate port, but is practically the exclusive outlet for a country of some 30 millions of inhabitants, a country producing vast quantities of coal, petroleum, cereals, salt, timber and sugar, the exports of which amounted to 1,882,900 tons in 1925, out of a grand total of 2,031,969 tons of exported goods. The improvement in the present situation is clearly seen when it is mentioned that the total of all exports in 1913 amounted to only 878,471 tons. In regard to timber exports Danzig has now almost an exclusive monopoly, a fact that has caused reasonable complaints to be raised at Königsberg.

In illustration of the above argument, we have referred back to some of the export figures. In pre-war years timber exports averaged about 351,000 metric tons; in 1923 they had risen to 731,000 tons, in 1924 to 1,019,000 tons, and in 1925 to 902,000 tons. Coal exports, which rank next to timber exports in importance, have also expanded, despite the trouble in the German market. The figures for the last six months of 1925 are very significant, having risen from 21,700 tons in July to 69,700 in August, 89,300 in September, 143,900 in October, 133,200 in November and 144,300 in December, as against only 5,500 tons in June. Cereal shipments rose from 160,762 tons in 1924 to 187,000 tons in 1925. On the completion of the port improvements at Danzig there will probably be a further expansion of exports, particularly of coal.

It is interesting to note in connection with this question that the traffic in the Port of Danzig for the week ending June 19 last, the latest date for which we have received figures, was the heaviest on record. In addition to large consignments of timber, coal, cereals, etc., 133,000 tons of sugar and 21,820 tons of miscellaneous goods, such as salt, oil, manufactured textiles, swine, ammunition, etc., were cleared. One hundred and five heavily laden ships passed through the Port on their way to London, Trieste, Naples, Brazil, Finland, Holland, France and Greece.

Freight charges for London have been increased from 36 shillings to 40 shillings, and there is a prospect of a further immediate increase.

Polish Order for Danzig Dockyards.—The Polish Press announces that the Danzig dockyards have received an order from the Polish Ministry of Industry and Commerce for the construction of 15 large vessels for the Polish mercantile marine service. The work is to be put immediately in hand and to be completed within a period of three years. The Danzig shipbuilding yard is not an entirely Danzig concern. It was formed in accordance with the terms of the Treaty of Versailles and is controlled by a joint stock company in which Great Britain holds 30 per cent., France 30 per cent., and Danzig and Poland each 20 per cent. of the shares.

FRANCE

FINANCE

—Banking Conditions during the First Half of 1926.

In our survey of French banking conditions during 1925 (see THE ECONOMIC REVIEW, April 30) we pointed out the easy conditions prevailing in the French money market. The important increase in bank deposits accompanied by growing figures of "cash" in bank balances, as well as the very slow increase in the clearing-house returns are indications of this monetary ease. The principal cause of it was inflation due to the repayment of Treasury Bills and Bonds during 1925 by means of increased note issue. It may be remembered that the circulation of bank-notes increased during this year by more than 9 milliards of francs (40.6 milliards at the end of 1924 as against 49.9 milliards at the end of 1925). The monetary ease thus created made the rediscounting of bills at the Bank of France less necessary, and, as was shown at the time, the "Bills discounted" at the Bank suffered a considerable falling off (of more than 25 per cent.) notwithstanding the fact that prices experienced a sharp rise.

The circumstances have been quite different in the first half of 1926. It is impossible to compare the figures of the six deposit banks which are the biggest in France (as we did in our yearly survey) because only four of them publish monthly balance-sheets. But these four banks are the most important and have branches all over France. The figures shown in their balance-sheets disclose a further increase in all items, but this increase is much less than in 1925.

	Cash in hand or at bank.	Money at call.	Bills discounted.	Advances.	Deposits, current accounts.
Crédit Lyonnais.					
Dec. 31, 1925	956	1,447	4,788	235	6,739
June 30, 1926	908	1,788	5,392	274	7,670
Société Générale.					
Dec. 31, 1925	1,244	1,485	4,707	423	7,442
June 30, 1926	1,569	1,998	5,108	349	8,570
Comptoir National d'Escompte.					
Dec. 31, 1925	1,123	708	3,777	212	5,442
June 30, 1926	1,066	772	4,104	226	5,789
Crédit Industriel et Commercial.					
Dec. 31, 1925	85	72	619	54	796
June 30, 1926	100	72	620	49	801
Total.					
Dec. 31, 1925	3,408	3,712	13,891	924	20,419
June 30, 1926	3,643	4,630	15,224	898	22,830
Increase or decrease ...	+ 235 or 7%	+ 918 or 25%	+ 1,333 or 10%	- 26 or 3%	+ 2,411 or 12%

It may be seen from this table that the increase in deposits is 12 per cent., which works out roughly at 24 per cent. per annum if it continues at the same rate, which is much less than the 33 per cent. last year.

This phenomenon may be attributed to the fact that the creation of purchasing power by the Bank of France did not continue on the same scale as in 1925. In fact, the atmosphere was much calmer than in 1925, but what is still more important, there was much less maturing of Treasury Bonds in 1926. (These maturities were the principal cause of inflation in 1925.)

The balance-sheets of the Bank of France show the following figures:—

	Week ending Dec. 24, 1925.	Week ending June 24, 1926.
<i>Principal assets.</i>		
Cash (gold and silver) ...	5,868	5,885
Bills discounted ...	3,693	4,745
Advances on stocks and bonds...	2,539	2,311
Loans to the State ...	34,650	36,600
Sundry ...	3,433	3,303
<i>Principal liabilities.</i>		
Bank-notes ...	49,933	53,073
Current accounts and deposits ...	3,244	2,909
Sundry ...	1,553	1,870

The increase in bank-notes is only some 3 milliards (which makes roughly 6 milliards a year), as compared with 9 milliards in 1925.

The slower rise in deposits at the principal banks explains the same phenomenon with regard to the assets. But it is interesting to note in particular the very slow increase in the figures of "cash at banks" (7 per cent.). The corresponding figure for 1925 was 55 per cent. (for six banks). The sharp increase in cash during last year made it unnecessary for the banks to have recourse to rediscounting at the Bank of France. During the half-year under review the item "Bills discounted" at the Bank of France increased by about one-third (from 3,693 millions to 4,745 millions), thus showing that the period of this unusual ease which prevailed during the last year was over. Special stress must be laid on the fact that last year, when the "Bills discounted" at the banks increased on the average by 36 per cent., their rediscounting decreased by about 25 per cent., while during this half-year, with "Bills" exceeding the last year's figure by 10 per cent., the banks were obliged to raise their rediscounting by more than 30 per cent.

The explanation of this phenomenon is to be found in the fact that the increased cash supplies of the last year have been absorbed by the country's turnover. More money was needed because prices continued their upward movement. Inflation did not continue on the same scale and it was not difficult to foresee that at a certain moment money would become tighter. The first half-year of 1926 has shown the first signs of this tightness.

It may also be noted in connection with the money market that the returns of the Paris Clearing-house also show a sharp increase as compared with 1925:—
1925—Fr.368,058 million, or an average of 1,230 millions a working day.
1926 (first half-year)—Fr.265,367 million, or an average of 1,769 millions a working day.

The May and June monthly averages approach 2 milliards, thus representing almost the double of last year's average. This unusual increase in the velocity of money circulation (the deposits have not increased in the same proportion) is quite in accordance with the incipient tightness on the money market as disclosed by the balance-sheets of the deposit banks. The second half-year, as far as one can judge, shows an aggravation of this tendency.

The Conversion Loan.—According to a decision of the Council of the "Caisse de Gestion" a decree has been published recently fixing the conditions of a new loan to be floated for the purpose of refunding a part of the floating debt. The amount of the loan is fixed at 3 milliards of francs, which is in present conditions a comparatively small amount. The new loan is redeemable in 40 years. The interest attached to the new Bonds is 6 per cent. and they are issued at par.

As is well known, the revenue of the Tobacco Monopoly is to guarantee the credit operation of the "Caisse de Gestion," which is also the case of the actual loan. The decree stipulates that beyond the regular interest payments the bearers will have the right to a supplementary dividend which is to be fixed as follows: 0.50 centimes (0.1 per cent.) for every 100 millions in excess of 2,000 millions of the yearly yield of tobacco sales by the Monopoly. The minimum supplementary interest is to be 5 francs per bond (500 frs.), thus making the total interest 7 instead of 6 per cent. But as the investors participate in every increase of sales this supplementary dividend may increase still further.

These bonds with participation in the affairs are very similar to those issued on the Paris market by the well-known automobile manufacturers Citroën. It is very probable that this measure was even suggested by M. Citroën, who is the reporter of the technical and organisation committee of the Monopoly.

The subscriptions are only admitted in Treasury Bills; thus it may be seen that the purpose of the new loan is only to refund a part of the floating debt and not to create fresh resources.

It must be remembered that the issue of Treasury Bills is limited to 49 milliards; the Government is only left a margin of 6 per cent. (i.e. about 3 milliards) by which it can exceed this figure in case of necessity. The absorption of 3 milliards of Treasury Bills will leave the Treasury a fresh margin of 3 milliards for the issue of new bills. The subscriptions are received during one week only and it is hoped that the amount of 3 milliards will be over-subscribed. This is expected to produce a very favourable impression in all quarters.

Revenue Returns for August.—The revenue returns for August show the usual decline as compared with July (in millions of francs):—

	1926.	1925.	Difference.
May	2,068	1,893	+ 175
June	2,312	1,811	+ 501
July	3,584	2,420	+ 1,164
August	3,127	1,733	+ 1,394

It may be observed that the increase in revenue as compared with the corresponding months of the last year is growing on a very considerable scale. This increase is due chiefly, as in the preceding months, to the increased yield of indirect taxation (993 millions out of a total increase of 1,394 millions). The remainder is to be attributed to direct taxation (394 millions) and to the revenue of State undertakings and properties.

As compared with the corresponding period of last year, the first eight months show the following increases in the proceeds of different categories of taxation:—

	Per cent.
Direct income taxes	17
Property transfer, stamp, etc., duties	35
Luxury taxes (automobiles, theatre tickets, etc.) ...	40
Indirect taxes on non-necessaries (alcohol, tobacco, gunpowder)	19
Consumption taxes (turnover, Excise, Customs, etc., duties)	38
Real estate belonging to the Government and various State enterprises	33

The percentage of increase in direct taxation still occupies last place among the other items of revenue.

INDUSTRY

The Metallurgical Agreement.—The international agreement of the iron producers, though not yet signed, will most probably if not quite certainly be realised. The French economic Press is very satisfied with it because it seems to perpetuate the favourable situation of French metallurgy. The *Agence Economique et Financière* points out that the French metallurgical industry is now working at about 85 per cent. of its capacity (for crude iron as well as for steel). This rate is even higher than that of the American industry, which however is now in a prosperous state. The figure for

other European countries is much lower than for France. This increased production, stimulated by the "dumping" due to the fall of the franc, has been made a basis for the computation of the contingents to be attributed to France (the first half of 1926 being the basic period). In the opinion of the *Agence Economique* the French contingent even exceeds the actual production of the French industry. On the other hand, it is hoped that the "iron cartel" will not only contribute to stability in the working of the industries in question, but also will help to maintain higher rates. These are factors particularly favourable to the French metallurgical industry, which otherwise would suffer very hardly during the period of stabilisation of the franc, when the artificial stimulus of money depreciation will be lost to it.

GERMANY

POLITICAL AND GENERAL

Germany's Entry into the League.—On September 9, 1926, Germany was formally received as a permanent member of the Council of the League of Nations, having been unanimously elected to this position. The *Deutsche Allgemeine Zeitung* (September 9), commenting on this important event, insists that the first task of the German delegation must be the liberation of Germany from military occupation. Germany has now a new tribunal for her just national claims, and possesses the possibility of placing herself in many respects at the head of the nations through her firm and energetic representatives. It is only by the addition of Germany that the League of Nations can become the practical instrument of the world. Germany, on the other hand, is faced with the necessity of making friends for herself in the world, and this task will be facilitated by the deliberations at Geneva. It is a political necessity that Spain, and if possible Brazil, shall return to Geneva without delay, and moreover that Russia, that great and powerful State, shall make her entry into the League and the Council. The misery of Europe is too great to admit of the exclusion from co-operation of the smallest State, and so much the more are the Continent and the world dependent on Russia's positive support. A new phase in Germany's post-war history has begun, and it is to be hoped that it may tend to her well-being and general advancement.

The *Hamburger Fremdenblatt* (September 8) recalls the Note of June 16, 1919, which it attributes to Clemenceau, and describes as a disdainful refusal of Germany's request for a position in the League. Within seven years the situation has completely changed, Germany has been invited, even besought, to enter the League, her entry into it has been greeted with general acclamation, and the German Foreign Minister will shortly assume a permanent seat in the Council. Every vital decision of the League will in future depend as much on the German vote as on those of the other four great Powers. Germany, however, must consider her entry into the League, not as a final stage in development, but as the first step in a new struggle; for most of the Powers are inclined to secure peace by means of consolidating the terms of the treaties of Versailles, St. Germain, Neuilly and Trianon, while Germany desires that the outcome of the co-operation of the nations may be a more just regulation of the most serious points of difference. The complete liberation of the occupied district in the west and the formal granting of equal rights in regard of actual power are the two questions of prime importance to Germany, though many obstacles will doubtless have to be overcome before these points are gained. No one can blame Germany if she wishes to make her fate as independent of the League as that of the other Powers. The time has not yet come when the League is in a position to go beyond the settlement of occasional differences to deal with permanent and deep-seated antagonisms. The

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great Powers of Europe still act as though they placed little confidence in the League of Nations. Germany has therefore no other choice than to follow the example of the other Powers in carrying out a double policy, her first aim being to preserve a position of security, to uphold in the old spirit the struggle forced upon her, and at the same time to foster a new and better spirit in the League of Nations.

FINANCE

Reparation Agent's Report and Receipts and Payments for August.—According to the Reparation Agent's review of receipts and payments in August and in the second annuity year, the total receipts for last month amounted to Rmk.159,840,218, bringing the total for the second annuity year to Rmk.1,169,809,587. The transport tax yielded in August Rmk.26,554,455, the Budget contribution Rmk.20 million, interest on the Railway debt Rmk.50 million and interest on industrial obligations Rmk.62.5 million.

With the payment on September 2 of Rmk.45 million by the Reichsbahn Germany completed the payment of the full amount of Rmk.1.22 milliard set down in the Experts' report for the second annuity year, with the exception of a small sum of about Rmk.8 million due on September 21 from the transport tax. The payment effected by the Reichsbahn represents interest on the reparation bonds due on September 1. Germany has thus punctually fulfilled her obligations and effected her payments in accordance with the Dawes Plan for the second annuity year.

The following payments have been effected in foreign currency (in thousands of Reichsmarks):—

(a) Service of the German foreign loan of 1924	...	97,213
(b) To or for account of Great Britain	...	201,597
(c) To or for account of France	...	41,495
(d) For transport of coal on the lower Rhine	...	402
(e) Settlement of accounts of the Franco-Belgian railway administration	...	5,007
(f) For deliveries in kind effected by the German Government before September 1, 1924	...	684
(g) In cash	...	65,009
(h) Expenditure for the inter-allied commissions	...	4,167
(i) Expenditure for arbitration commissions	...	28

Payments in Goldmarks for:—

(a) Deliveries in goods	...	655,526
(b) Reinstatement of the Louvain Library	...	2,100
(c) The Army of Occupation	...	86,188
(d) Expenditure of the inter-allied commissions	...	14,230
(e) Sundry payments	...	2,156
Total payments	...	1,175,812

About 65 per cent. of these payments have been effected in Germany in the form of deliveries in kind or in payments of various kinds in gold marks, while 35 per cent., viz. Rmk.415,612,000, has been paid in foreign currencies.

The Reparation Agent has issued the account of the reparation payments without comment, instead of with the customary detailed observations which were expected. This is the more regrettable as the account includes an item which will be noted with the greatest astonishment. It appears that the Reparation Agent has arranged for a cash transfer of Rmk.65 million, which was not included in Dawes Plan for the first two reparation years. There was certainly a rumour some time ago of the Agent-General's intention to begin the cash transfers earlier, but at that time it was also said that the Reich Government had protested against this intention. It now appears that this protest was merely a formal one, and the result is that Germany has surrendered her rights without any compensation. It may be argued that the amount of the transfer is too small to be of consequence, but what cannot be minimised is the fact that Germany is not in a position to allow a cash transfer to be made at all. The equilibrium of the German balance of payments will only be able to be maintained by corresponding cash transfers from abroad to Germany by means of credits. It is not at all in the spirit of the Dawes Plan that cash transfers should be

effected with the aid of foreign credits taken up privately in Germany. Not only has the Dawes Plan been exceeded by a premature cash transfer, but Germany has yielded on one of the most important questions of principle without compensation. (*Deutsche Allgemeine Zeitung*, September 3 and 8.)

TRADE

Distribution of Foreign Trade.—In the second quarter of 1926 imports increased from Rmk.2,014 mill. to Rmk.2,355 mill., while exports fell off from Rmk.2,501 mill. to Rmk.2,289 mill. The balance of trade depreciated accordingly so that the export surplus shrank from Rmk.487 mill. to Rmk.52 mill. The depreciation in the balance of trade has occurred chiefly in respect of the European countries. Imports from European countries increased from Rmk.989 mill. to Rmk.1,105 mill. and exports decreased by Rmk.188 mill. from Rmk.1,784 mill. to Rmk.1,596 mill., so that the total balance of trade depreciated by Rmk.304 mill. Imports from extra-European countries rose from Rmk.1,025 mill. to Rmk.1,110 mill. and exports sank from Rmk.717 mill. to Rmk.671 mill., the import surplus increasing by Rmk.131 mill.

Trade with European countries shows the following alterations (value in millions of Reichsmarks):—

	1913.		1926.		1926.	
	Im-ports.	Ex-ports.	Im-ports.	Ex-ports.	Im-ports.	Ex-ports.
Great Britain and Ireland ...	119	360	137	290	118	253
France ...	146	197	53	43	64	48
Belgium ...	86	138	43	67	61	54
Holland ...	83	173	95	277	124	260
Scandinavia and Finland ...	133	193	129	258	150	244
Russia, Baltic States, etc. ...	356	220	66	138	152	136
Succession States to Austria-Hungary	218	276	135	246	129	214
The Balkans and Turkey ...	47	73	54	65	54	67
Switzerland ...	53	134	43	108	49	104
Italy ...	79	98	73	138	83	107
Spain and Portugal	56	49	42	57	37	60

Total * ...	1,472	1,919	896	1,716	1,005	1,522
Separated territories including the Saar	—	—	93	68	100	74
Europe and Turkey	1,472	1,919	989	1,784	1,105	1,596

* Including Heligoland and British Mediterranean.

Exports, therefore, have chiefly decreased in the case of Great Britain, Italy and the Succession States to Austria-Hungary, and to a certain extent of Holland and the other Scandinavian countries. Among countries which have increased their exports to Germany, Russia takes far and away the first place with an increase from Rmk.66 mill. to Rmk.152 mill., while Germany's exports to Russia remain unchanged. Imports from Scandinavia and Holland have also increased.

A comparison with the 1913 figures shows that trade with France, Belgium, Russia and the Austro-Hungarian States (chiefly Czechoslovakia) still remains far behind pre-war standard.

Trade with extra-European continents and their more important countries shows the following changes:—

	1913.		1926.		1926.	
	Im-ports.	Ex-ports.	Im-ports.	Ex-ports.	Im-ports.	Ex-ports.
Asia (without Turkey)	262	137	225	218	263	223
British India ...	135	38	83	63	126	66
Dutch East Indies	57	25	60	32	66	31
China and Japan	44	61	57	102	45	105
America ...	749	287	624	429	605	373
United States ...	428	178	372	199	317	164
Argentina ...	124	66	99	78	158	63
Brazil ...	62	50	39	49	32	48
Australia ...	82	26	73	13	95	17
Africa ...	114	53	102	66	113	47

The heavy decrease in the exchange of goods with the United States is particularly noticeable, and also the considerable increase in imports from the Argentine and British India. (*Deutsche Allgemeine Zeitung*, September 8.)

INDUSTRY

The Coal Industry in August.—The standing stocks experienced a further considerable decrease during August. For some time, owing to the lively demand for Ruhr coal consequent upon the British strike, the stocks of fine coal, usually so difficult to dispose of, have been accepted by consumers in increasing quantities. The coal stocks, as far as standing stocks at the mines are concerned, have diminished by about 200,000 tons and the stocks of briquettes, which were always small compared with the coal and coke stocks, have completely disappeared. Coke stocks, however, still amount to 3 million tons, though coke sales have increased to a gratifying extent during the past month, the reduction in stocks amounting to 300,000 tons in August as compared with 100,000 tons in July. The Syndicate's stocks of coal and coke decreased from 2.2 million tons to 1.9 million tons at the end of July, and have further diminished during August. The sales of the Coal Syndicate continue brisk, and a slight increase in home sales occurred during August as compared with the previous months, so that the Syndicate's total sales in the uncontested area in the past month were about equal to the sales to the contested area, which in the absence of English coal had increased very considerably. The approach of winter made itself felt in inland business during August. The increased home demand has occasioned the Syndicate to institute a certain amount of reserve in granting prompt delivery contracts to the contested area, in order to meet, as far as possible, the interests of home purchasers. Coke sales to the contested area show a daily increase of about 60 per cent. during August as compared with the previous month. Home coke sales have also improved, the increase as compared with July representing about 13 per cent. This figure does not include foundry consumption. The improvement in home coke sales is probably due merely to the growing winter demand for heating purposes. (*Hamburger Fremdenblatt*, September 8.)

Position of the Iron Industry.—The widespread fears that with the termination of the British strike a cessation of sales will occur in the German market are hardly justified. English orders to Germany are scarcely so large as to warrant such a prospect, for in the main the English demand is limited to special material. It is noteworthy, however, that the British iron industry has already received considerable orders which will secure for it employment for months to come immediately on the resumption of work. These orders originate chiefly from the British Dominions, which are impracticable as a market for German iron on account of the protectionist duties. There is no doubt that the 19 weeks of strike in England have occasioned a revival in the German iron business, but the firm tendency of prices is mainly due to the progress made in the international iron pact negotiations. A definite result is expected about the middle of the month, after which the still incomplete organisation within the German iron industry, chiefly in South Germany, where the Dilling foundry company has not yet joined the Crude Steel Union, will be further developed. The Vereinigte Stahlwerke in Dusseldorf are well stocked with orders in most departments, especially in semi-products, cast iron and various kinds of hoop iron. The Thyssen works are well occupied, working up to 90 per cent. of their capacity as regards tubes, while the occupation in cast iron, wrought iron and semi-manufactured goods varies between 70 and 80 per cent. The other works of the concern, as for example Hoesch, are for the moment well supplied with contracts.

The revival in the demand for the main products has led to the belief in the Iron Union that the present is a favourable moment to raise prices. Thus the wire union in Dusseldorf, on August 26, raised the prices of all varieties of wire by Rmk.1 per 100 kilogrammes, after raising the prices three times already since it came into being.

As regards the final formation of the iron combine between German, French and Belgian producers, which after having been announced for over two years, is now expected on September 17, the German, Lorraine and Luxemburg iron industries have already affixed their signatures to a draft cartel agreement, and those of the Belgian and some French works are expected shortly, as soon as certain difficulties in regard of the quota question have been settled. Of the particular difficulties between the German and French works, only that of the Lorraine and Luxemburg quotas appears to be definitely settled. The quotas are to be elastic, and are to constitute together 6½ per cent. of the total German sales. They will be treated precisely in the same way as the German products and will be taken over by the German Unions. Orders from German consumers, however, may be given direct to Lorraine or Luxemburg. There will be no reimbursement of duty as in previous agreements, but the duty will be entirely borne by the Lorraine or Luxemburg firm. The Saar district does not receive a quota this time, as all its works now belong to the German union and all its sales go to Germany. This question appears still unsettled. According to the former agreement the quotas were fixed and amounted, including the Saar district, to 12 per cent. of the total German output, but without the Saar quota they amounted to 7½ per cent. No final settlement of the Saar difficulty seems probable at present. As the Franco-German agreement is a necessity to the further development of the Continental Combine, the whole agreement will have to be subject to breaking off should no final understanding be arrived at between France and Germany at a given date. (*Hamburger Fremdenblatt*, September 7; *Wirtschaftsdienst*, September 3.)

LATVIA

POLITICAL AND GENERAL

Review of the Economic Situation.—The recently published annual report of the Northern Bank (*Ziemeļu Banka*) includes a survey of Latvia's economic position by the managing director, S. J. Sachs, which points out that the year 1925 could not be termed one of the favourable periods in the economic development of the country. Last year's harvest was below expectations, trade was dull and the prices of all staple goods declined, while a similar depression occurred in the case of export goods such as timber and flax. Imports of foodstuffs (grain, sugar, herrings) were far in excess of the actual demand, and losses were sustained in disposing of the surplus. The deficit in the balance of trade became alarming and the Government had to resort to political measures in regard to Customs duties to stem the tide of imports. The position of the balance of trade, however, gives less cause for disquietude if considered in the light of the balance of payments which is pre-eminently satisfactory.

As a transit land to the East Latvia has great possibilities, and will increase in importance in the future. Riga has been for centuries the centre of transit trade and traffic. Foreign industrial and commercial undertakings desirous of trading with the Baltic States and Russia are in the habit of establishing agencies in Riga, appointing as their representatives either Latvian citizens or foreigners permanently domiciled in Latvia. The considerable income derived from such operations is not included in the balance of payments and the same applies to the income derived from the transactions of Latvian merchants abroad, as for example raw

materials bought in Poland, Lithuania and Estonia and shipped from foreign ports. These and the profit derived from transit traffic dealings with Soviet organisations in Latvia ought all to be considered in drafting the country's balance of payments.

The lat has now been sound and stable for five years without any intervention on the part of the Finance Department or the Bank of Latvia, and without restrictions in the issue of foreign currency. The bank-notes issued by the Bank of Latvia are fully covered by gold and tangible securities. These securities, drafts, etc., in the Bank of Latvia represented a value of Lats 5 million in 1922, Lats 32 million in 1923, Lats 50 million in 1924 and Lats 42.98 million in 1925. The gold in bar and coin in the vaults of the Bank of Latvia represented a value of Lats 23.58 million last year.

Reverting to the trade balance, Latvian imports amounted to Lats 207.3 million in 1923, Lats 250.4 million in 1924 and Lats 275.2 million last year. In view of the ever-increasing output of the Latvian textile factories, it is evident that a large proportion of the imported textiles are not consumed locally. Moreover the output of Latvian leather industries is far in excess of home consumption. It is impossible to control the export of textiles, leather goods, cosmetics and other manufactured goods, so that these items do not appear in the export statistics. If these unregistered exports are estimated at about Lats 50 million, the deficit of Latvia's balance of trade for 1925 is reduced to Lats 50 million, a sum which cannot have an unfavourable effect on the balance of payments. It should also be remembered that the machinery, metals and other goods imported in 1925 to the value of Lats 29.7 million will greatly aid in augmenting Latvia's productivity.

In view of these facts Mr. Sachs considers the throttling of the import trade unwise, as the measures taken may at the same time be detrimental to transit and export trade in so far as they affect countries to which Latvian goods are exported. He recommends the principle of reciprocity as the most conducive to a general understanding in international traffic.

As regards the scarcity of money, this should not be considered an unfavourable feature, as liquidity is generally great in so-called bad times when funds are withdrawn from unprofitable undertakings and no other possibilities of investment are offered. It may, however, be observed that the policy of covering reparation expenses out of ordinary revenue does not tend to alleviate the tension on the money market. The shortest way out of the difficulty would be to float a foreign loan for facilitating the economic development of the country, and the Government is doubtless doing its utmost to remove all obstacles from the way of realising this project.

In concluding his review Mr. Sachs asserts that apart from some slight deficiencies peculiar to every new economic system, Latvia's political economy is sound enough to warrant the attraction of foreign capital to her financial requirements. (*Riga Times*, August 14.)

FINANCE

Joint Stock Companies' Activities.—The activities of joint-stock companies in Latvia are defined and regulated by means of special legislation which stipulates that Latvian shareholders must be in the majority. The creation and organisation of joint stock companies have been more intensively developed since the enforcement of the monetary reform and the stabilisation of the lat in 1922. Since that year the Ministry of Finance has issued about 500 licences, although only 268 companies actually came into being, the remaining founders still awaiting the participation of foreign capital, which is slow in coming in. As regards local capital it may be observed that people are reluctant to invest their savings in shares. The crises which occurred before and during the war, with the attendant losses on the Stock Exchange, discouraged small investors who now prefer to bank their money. Speculative advantage has some-

times been taken of joint stock companies for promoting some so-called "deal," and the Government now adopts very severe measures against fraudulent bankrupts. There are, however, a large number of joint stock companies which deserve the name, particularly branches of foreign companies, which in accordance with Latvian law are registered in Latvia as independent commercial establishments. Some pre-war companies have also resumed work and numerous private firms have been converted into share companies.

The following table, based on the data supplied by the Bank of Latvia, illustrates the joint stock movement in Latvia:—

	No. of Joint Stock Companies.			Stock capital in millions of lats.		
	1914.	1924.	1925.	1914.	1924.	1925.
Textile industry ...	10	6	11	35.7	4.2	7.2
Metallurgical ...	20	4	10	128.0	0.2	13.8
Woodworking ...	4	12	24	17.0	2.3	5.0
Paper and allied industries ...	3	6	9	8.2	11.5	12.8
Animal products ...	3	4	12	9.6	1.3	5.1
Mineral products ...	—	7	9	—	3.3	3.4
Chemical industry ...	15	12	14	105.8	7.4	9.2
Foodstuffs and delicacies ...	9	19	29	16.2	4.7	7.8
Communications and transport ...	12	13	17	35.4	13.0	18.8
Insurance companies ...	—	9	10	—	3.4	3.5
Banks ...	2	13	21	29.2	10.1	18.9
Commercial enterprises ...	11	52	83	34.6	7.6	13.3
Sundries ...	—	13	19	—	1.3	3.5
Total ...	89	170	268	419.8	70.3	121.3

These figures reveal the rapid development of the joint stock business in recent years as compared with the position obtaining in 1914. The situation is quite different, however, in regard to capital. Although in 1925 the share capital increased by 51 million lats, thirteen companies suspended their activities during 1924 involving capital amounting to Lats 830,000.

Among foreign undertakings which have resumed work in Latvia, the Riga and Libau Tramway Companies and the Riga Paper Mills may be mentioned. Since the revival of the joint stock movement in Latvia in 1922, foreign capital has figured largely in the economic development of the country. The foreign capital supplied is of varied origin, German, British, French and even Turkish and Afghan, the latter invested in the tobacco industries.

The bulk of the foreign capital is invested in the textile industry where it represents 80.6 per cent. of the total sum invested. Foreign capital represents 76.6 per cent. of the funds of the chemical industry, 66.9 per cent. of the communications and transport industry, 54.4 per cent. of the animal products industry, 53.5 per cent. in the wood working industry and 51.8 per cent. of the sum invested in Banks. In the textile branch English capital participates with Lats 2.1 million, German with Lats 1.4 million, and Dutch with Lats 0.8 million, while Latvian capital is only interested to the extent of Lats 1.4 million. The principal shareholders in the chemical industry are Danish subjects who account for Lats 4.7 million. The Belgians and French are the principal investors in the tramways.

On the whole the capital of the share companies is not large. For instance in 107 cases the capital does not exceed Lats 100,000; in eleven cases only does the capital amount to Lats 2 million; in three cases up to Lats 3 million, and in seven up to Lats 5 million. Otherwise capital ranges from Lats 200,000 up to Lats 1,000,000. The capital of Latvian joint stock companies represents a total of Lats 345 million according to the data of the Bank of Latvia, 40 per cent. of this sum having been subscribed locally and the remainder from abroad.

In conclusion it may be observed that the investment of foreign capital in Latvian companies enables Latvia to utilise her productive forces. In this way foreigners acquire a personal interest in the development of

Latvian industries and in the increase of Latvian productivity. (*Riga Times*, August 28.)

TRADE

Foreign Trade Returns for the Half-year.—

The Latvian Consul General's *Weekly Bulletin* (August 19) publishes the figures for foreign trade during the first six months of the current year as issued by the Latvian State Statistical Bureau as follows (in Lats) :—

	Imports.	Exports.
Great Britain ...	11,920,572	38,040,981
Germany ...	46,625,897	15,803,395
Poland ...	6,692,397	642,095
Denmark ...	5,924,951	1,134,900
Soviet Russia ...	5,251,302	8,722,974
United States ...	5,199,168	2,409,656
Czechoslovakia ...	4,614,054	120,763
Lithuania ...	4,338,023	2,404,082
Sweden ...	4,080,255	645,230
Holland ...	3,617,470	1,653,760
Danzig ...	3,546,476	25,859
Estonia ...	3,149,798	2,060,567
France ...	3,133,475	1,237,003
Belgium ...	2,121,166	16,798,031
Switzerland ...	1,936,353	62,883
Finland ...	1,217,009	518,599
Austria ...	1,167,721	2,205,310
Italy ...	580,174	143,391
Norway ...	268,351	184,248
Luxemburg ...	179,705	—
Bulgaria ...	69,913	8,884
Hungary ...	49,936	5,385
Spain ...	29,955	65

The total figures for the period under review, including those of the countries mentioned above, are: Imports, Lats 115,831,078 (about £4,633,243) and exports, Lats 95,996,042 (about £3,839,842).

Latvian exports during June are estimated at Lats 13,615,241 as compared with imports valued at Lats 18,781,280, so that the balance of trade shows a deficit of Lats 5.16 mill. Flax imports were inconsiderable in June, amounting to 956 tons valued at Lats 1,326,000. Business was fairly brisk in timber, exports of which returned Lats 4,155,000, while the butter export represented Lats 4,174,000. Imports consisted chiefly of foodstuffs and fertilisers.

Examining the foreign trade returns for the preceding months, May shows a deficit of Lats 2.5 mill., April a surplus of Lats 4.6 mill., March one of Lats 0.1 mill., February a deficit of Lats 12.1 mill. and January similarly a deficit of Lats 4.1 mill. The final result for the first half of the current year thus gives a deficit of Lats 19.8 mill.

Imports during the first six months include manufactured goods to the value of Lats 60 mill., including cotton tissue valued at Lats 12.2 mill., wool amounting to Lats 4.4 mill., yarn Lats 1.8 mill., agricultural machinery Lats 3.4 mill., industrial and other machinery Lats 5.8 mill., fertilisers Lats 4.8 mill., vehicles Lats 2.3 mill. electrical appliances Lats 1.9 mill., kerosene and petrol Lats 1.3 mill., cosmetics Lats 0.5 mill., fancy goods Lats 0.7 mill., paper Lats 0.5 mill., and books and stationery valued at Lats 0.4 mill. The import of foodstuffs and delicacies involved a sum of Lats 28.8 mill., and that of raw materials and semi-manufactured goods, Lats 24.2 mill., including coal to the value of Lats 4.1 mill., hides for Lats 3.2 mill., cotton for Lats 1.4 mill., seeds for Lats 3 mill., and iron for Lats 1.4 mill.

In the period under review flax topped the export list with 16,845 tons, valued at Lats 25.9 mill., followed by timber weighing 207,664 tons and estimated at Lats 20.2 mill., and butter, Lats 16.4 mill. Meat exports returned Lats 2.8 mill., clover seed Lats 3.1 mill., linseed Lats 1.4 mill., and hides Lats 2.4 mill. Rubber goods were exported to the extent of Lats 2.6 mill., linoleum up to Lats 1.3 mill. and paper Lats 2.9 mill. The export of agricultural implements brought in Lats 0.9 mill. and parcel post exports Lats 4.7 mill.

In trade relations with foreign powers an export surplus was achieved with England, Belgium, Soviet

Russia and Austria. The bulk of Latvia's imports came from Germany, involving Lats 46.6 mill. as compared with exports amounting to Lats 15.8 mill. (*Riga Times*, September 4.)

INDUSTRY

Development of the Dairy Industry.—On August 18 the Central Union of Latvian Co-operative Dairy Societies completed five years of progressive work. The first years of pioneer labour were very difficult for the new undertaking, as activities were inaugurated in the autumn of 1921 with practically no funds. On December 31, 1925, however, the balance sheet showed a total of Lats 2.1 million, including share, reserve and amortisation funds estimated at Lats 250,000, the turnover during the year amounting to over a milliard of Latvian roubles.

At its inception the union embraced only 13 co-operative dairy societies. Of the 469 co-operative dairies registered on August 1 of this year, 271 have joined the union (i.e. 58 per cent.) compared with 39 per cent. on December 31, 1923, 44 per cent. in 1924 and 50 per cent. in 1925. The union exported and sold in the local butter market butter to the value of Lats 103,371 in 1921, Lats 2.6 million in 1922, Lats 6.8 million in 1923, Lats 8.5 million in 1924 and Lats 19.5 million in 1925. No less than 4.5 million kilogrammes of butter passed through the hands of the union in 1925, 97.3 per cent. of which was exported and 2.7 per cent. sold locally. On the average the union accounts for about 65 per cent. of the entire Latvian butter export, so that it is a determinative factor in this branch of export trade.

In addition to butter the union also handles cheese, 35,896 kilogrammes of which were sold last year. The union further disposed last year of 50,166 kilogrammes of lactic cheese, 20,340 kilogrammes of casein, 374,159 eggs and 10,823 pieces of poultry.

Marked development has also been registered in other branches of the union's activity. For example the turnover in machines, implements, provender and accessories rose from Lats 3,114 in 1921 to Lats 2,049,526 in 1925, and Lats 1,802,580 in the first half of the current year. The union is instrumental in establishing and equipping new dairies, the 29 mechanics and technicians in its employ having equipped no fewer than 60 steam dairies up to July 1 this year. These facts go to show that the Central Union of Latvian Dairies is fulfilling its mission in promoting rural activities and enhancing the welfare of the State. (*Riga Times*, August 28.)

COMMUNICATIONS

The Port of Riga in June and July.—During the months of June and July the effects of the British coal strike have been keenly felt by Riga shipping. In June these effects were of a negative nature, consisting in the reduction of shipping communication with Great Britain. Positive results were hoped for in July in view of the expected transport of great quantities of Polish coal through the port of Riga. The shipment of this coal, however, did not take place in July, and up to the middle of August there was but little talk of it. In any case up to August 15 no quantities of any importance had arrived at the port. It was reported that difficulties had been encountered in transhipment which were likely to entail further delays. If shipping communication with Great Britain resumed its normal proportions in the month of July, this must be attributed to other causes than the transit of Polish coal through Latvia.

A total of 309 ships of 78,288 n.r.t. arrived in the port of Riga during June as compared with 258 vessels of 83,105 n.r.t. in the corresponding month of 1925. Of these only 6 ships came from England with a tonnage of 4,124 n.r.t. as compared with 20 of 17,339 n.r.t. in June 1925.

Vessels clearing the port of Riga in June 1926 numbered 305 of 98,038 n.r.t. as compared with 231 of 67,360 n.r.t. in June 1925.

In July 350 vessels with a net register tonnage of 98,038 arrived in the port as compared with 304 vessels of 98,288 g.r.t. in July 1925. A total of 357 vessels cleared the port in July with net register tonnage of 98,594 as compared with 301 ships of a total tonnage of 106,525 n.r.t. in July 1925. (*Revaler Bote*, August 21.)

SWEDEN

TRADE AND FINANCE

Trade Balance.—During the first six months of 1926 Sweden's foreign trade showed an adverse balance of nearly Kr.92 million, as against Kr.102 million for the corresponding period of last year. The total imports amounted to Kr.697.9 mill. and the total exports to Kr.599 mill.; the corresponding figures for 1925 were Kr.676.1 mill. and Kr.574.3 mill.

Considerable increases are shown in the importation of the following: wool and woollen yarns, petrol (due to the great increase in motor-car and motor-bus traffic), linseed, oilcake, coke, pig iron, iron girders and iron plates, copper and zinc. As compared with 1925, the amount of rye and wheat imported was very much less, owing to the good yield of the previous year; this also applies to sugar. The import figures for motor vehicles and machinery show an increase of Kr.352 and Kr.55,000 respectively.

Exports of sulphate and sulphite, newsprint and matches were increased. Electrical machines, separators, motors and ball bearings also show an increase, the result of orders received from Russia. On the other hand, a decline is shown in the exports of iron ores, telephones, pig iron, girders and other semi-manufactured articles.

In the period under review 228,000 standards of sawn and 53,000 standards of wrought timber were exported, as against 288,000 and 55,000 standards in the corresponding period of last year. The total exports for 1926 are estimated at about 800,000 standards, as compared with 1,000,000 in 1925. Owing to the coal strike in England, very little mine timber was exported. Exports of cellulose and also of paper show a substantial increase. The amount of iron exported was in general very small. The export figures for all workshop products remained at the 1925 level.

The following table shows the distribution of imports and exports among the various classes of goods (in millions of kronor):—

	Imports.		Exports.	
	1925.	1926.	1925.	1926.
1. Live cattle (horses, oxen, pigs)	0.6	0.5	2.7	1.0
2. Fish, meat, butter, eggs, preserved foods	18.1	18.0	25.4	43.0
3. Grain, flour, pollard, soja beans, etc.	80.1	46.7	4.5	4.2
4. Coffee, sugar, tobacco, rice, cocoa, etc.	59.4	53.6	—	0.3
5. Fruit, vegetables, hops, etc.	23.6	24.8	0.2	0.2
6. Wines and spirits, etc.	9.7	7.9	0.1	0.1
7. Cotton, wool, hemp, jute, etc.	48.8	48.9	1.7	0.8
8. Cotton yarn, wool, silk, etc.	20.6	23.3	4.2	2.3
9. Textile manufactures	64.3	70.1	9.2	8.3
10. Hides and skins, casings, etc.	26.6	26.5	16.5	10.7
11. Boots, gloves, belts, brushes	4.3	5.2	1.5	2.6
12. Mineral oils, fats, rubber, resins	48.4	59.3	7.7	7.9
13. Rubber rings and other rubber goods, soap	12.1	13.4	1.4	1.2
14. Timber, unwrought and hewn	2.5	2.9	9.5	8.0
15. All other kinds of wooden goods	3.1	3.1	96.1	77.2
16. Paints, etc.	6.8	7.4	0.9	0.7
17. Fodder, oilcake, linseed, etc.	22.4	32.8	2.7	2.0

	Imports.		Exports.	
	1925.	1926.	1925.	1926.
18. Paper pulp, paper and pasteboard	5.4	5.6	153.6	174.4
19. Tanning extracts, celluloid articles, etc.	3.9	4.0	0.5	0.8
20. Ore, coal, fertilisers, cement, etc.	69.2	77.4	64.6	58.0
21. Matches, paving stones, earthenware and glass-ware	10.3	11.2	33.0	34.0
22. Iron, steel, copper, zinc, etc.	33.1	37.8	42.5	35.3
23. Rails, pipes, wire, metal manufactures	29.8	30.9	29.5	33.1
24. Ships, waggons, machinery, instruments	63.7	78.0	64.0	90.0
25. Printed matter, films, drugs, etc.	9.3	8.6	2.3	2.3
	676.1	697.9	574.3	599.0

Sweden's Wholesale Trade Index Number.—On July 1 Sweden's wholesale trade index number was 150 per cent., 11 units lower than it was on July 1, 1925. During the past fortnight Professor Irving Fisher's wholesale trade index number was maintained at several decimal points above 150 per cent., as against 159 per cent. last year. The curves of the two index tables, therefore, run nearly parallel. Bradstreet's American index number, in which predominance is given to raw materials, showed about 138 per cent. on July 1, as against 150 per cent. last year. An imminent rise in the general level of prices is expected in Sweden in view of the prolonged coal strike in England and the consequent increase in freights. Other reasons for this belief are the diminished prospects of a good yield in the agricultural districts of the north and the tendency to speculation in commodities to which the easier conditions of the money market, as observed in various places, have given rise, while the improved economic prospects of the share market may be discounted. Sweden's cost of living index number for July was 172 per cent., i.e. $\frac{1}{2}$ per cent. lower than on April 1.

Position of the Private Banks.—As regards the position of the private banks in Sweden during the first half of 1926, deposits and current accounts declined further to Kr.3,507 mill., as compared with Kr.3,617 mill. at the end of June 1925. At the end of 1924 the corresponding figure was Kr.3,675 mill., and at the end of 1923 Kr.3,868 mill. The total amount of moneys on loan is Kr.195 mill. less than in the corresponding period of last year. The Malar Bank has meanwhile been merged in the Svenska Handelsbank and the Nordiska Handelsbank has been entirely reorganised. New debentures, the so-called "Förlagsbevis," to a total value of Kr.40 mill. were issued by the banks themselves during the period in question. The considerable diminution in the amount of moneys on loan is due partly to the continuation of the writing-off process which has been proceeding uninterruptedly for years past in all Swedish banks and which is probably far from being ended. The decrease is, however, also partly attributable to the fact that considerable blocks of Swedish shares which were formerly lodged in Stockholm banks have been sent abroad in connection with the transactions of the Kreuger Combine, a concern which is still assiduously pursuing its policy of expansion. The proposed fusion of the Norrköpings Enskilda Bank with the Ostgötlands Enskilda Bank—likewise Ivan Kreuger's work—is probably only the beginning of an active, combined movement aiming at the fusion of Swedish banks. Not until Kreuger's financial schemes have reached a certain degree of completion will the Swedish money market and the banks' returns show more uniform movements.

Notwithstanding the sale of Swedish shares abroad and the fairly favourable export season, the banks' balances in foreign currencies are remarkably small—a circumstance which is largely due to the issues of various foreign securities, particularly German debentures.

tures. The further trend will depend partly on the yield from the Swedish crops, which have become more promising of late.

YUGO-SLAVIA

FINANCIAL

The Belgrade Banks in 1925.—In a contribution to the *Srpski Knjizevni Glasnik* M. N. Stanarevich discusses the situation in 1925 of Yugo-Slav banks with headquarters in Belgrade. The following is a summary of the outstanding features. The total number of these banks was 60, that is the same as in 1924 and 1922, but four fewer than in 1923. Their aggregate capital rose from 323.6 mill. dinars in 1922 to 394.7 mill. dinars in 1923, 465 mill. dinars in 1924, and 480.3 mill. dinars in 1925. It is interesting to note that the capital crisis in the money market was reflected in the situation with regard to paid up capital, but apparently had no effect upon savings deposits. There was actually a pronounced growth in savings deposits at practically all the banks, particularly in the case of the Zalozna Banka, which received deposits to the amount of 23.3 mill. dinars (12.3 mill. dinars in 1924); the Export Bank, 14.3 mill. dinars (8.2 mill.); the Vracarer Co-operative Bank, 9.8 mill. dinars (7.2 mill.); the Provisional Bank, 14.4 mill. dinars (10.5 mill.); the Belgrade Credit Bank, 11.6 mill. dinars (8.0 mill.); the Butchers' Federation Bank, 8.6 mill. dinars (5.1 mill.); the Belgrade Commercial Bank, 14.9 mill. dinars (11.6 mill.); the General Bank, 7.2 mill. dinars (4.5 mill.); the Colonial Bank, 8.8 mill. dinars (5.8 mill.); and various Savings Banks, 13.6 mill. dinars (8.7 mill.). These figures show an increase in deposits of 45.2 mill. dinars, irrespective of increases in other institutions, i.e. the increase in 1925 was more than half of the total deposits of 1924.

After discussing various details in connection with the development of these banks the writer points out that in respect of profits the year 1925 was less satisfactory than 1924; in fact 21 banks, that is about one-third of the total, were unable to declare any dividend, as against only 16 that were in a similar unfortunate position in 1924. Nine of the Belgrade banks that existed before the war paid the same dividends as in previous years. The biggest dividend was 6 per cent., declared by the Colonial Bank. The general rate was between 4 and 5 per cent.

AGRICULTURE

Forestry Report.—The Ministry of Mines and Forests has recently issued exhaustive statistics relating to the timber resources of Yugo-Slavia. These show that some 30.5 per cent. of the entire area of that country is covered with forest, distributed as follows (in hectares, one hectare = 2.47 acres): Bosnia and Herzegovina, 2,698,557; Montenegro, 507,154; Dalmatia, 393,961; Croatia and Slavonia, 1,433,830; Serbia, 1,763,654; Slovenia, 687,408, and Vojvodina, 101,471; total area, 7,586,035 hectares. The area occupied by the different species is as follows (in hectares): Oak, 718,956; beech, 1,642,506; other deciduous trees, 2,640,600; pines, firs, etc., 2,072,521. Close upon one half, viz. 3,619,566 hectares, are owned by the State, 1,442,854 by municipal and local authorities, and 2,523,606 privately.

In 1924 the total output of the forests was 7,502,860 cubic metres for fuel and 4,851,760 cubic metres trade timber. Since 1919 timber exports have shown a steady increase as follows:—

	Truckloads of 10 tons.	Value in millions of dinars.	Percentage of total value of exports.
1919 ...	5,887	70.5	10.0
1920 ...	43,976	400.3	30.3
1921 ...	43,343	243.3	10.0
1922 ...	81,660	727.8	19.3
1923 ...	133,279	1,776.0	22.07
1924 ...	173,005	2,291.8	24.12

Timber exports now represent about 25 per cent. of the total value of the export trade of Yugo-Slavia, the chief countries of destination being Italy, Austria, Hungary and France. The main exports of hard woods are in the form of railway sleepers, the totals for which for the last four years are as follows: 1922, 29,621 tons, value 22.27 mill. dinars; 1923, 60,519 tons, value 55.38 mill. dinars; 1924, 81,866 tons, value 54.24 mill. dinars; and 1925, 110,418 tons, value 72.82 mill. dinars.

Owing to the requirements of the State railways in sleepers, specified to be of oak, there is an export duty of 0.60 dinar (gold) on oak sleepers. Building timbers, sawn limber, partly manufactured wood articles, charcoal and spirituous extracts form other items of export from the forests of Yugo-Slavia. (*Revue Economique et Financière de Belgrade*, Nos. 5, 6.)

CENTRAL AMERICA

PANAMA

General Report.—The Report by Captain E. A. de Comeau, British Vice-Consul, Colon, on the Economic, Financial and Commercial Conditions of the Republic of Panama and the Panama Canal Zone, which has been published by the Department of Overseas Trade, deals with the general situation up to September 1925.

The section on finance gives particulars of national finance, banking and exchange. The national account is balanced at \$11,385,830, with, however, 881,059 dollars of available funds. The monetary unit of the Republic is the balboa. During the war, when the price of silver reached a point where the intrinsic value of these coins was higher than their nominal value, large quantities of the national currency were carried out of the country. Bilboas were eventually withdrawn from circulation. There is no present necessity for a re-issue as the currency of the United States, which is of equal value, is in free circulation. The local rate of exchange is always a few points higher or lower than that of the New York market. The average rate on London for the first six months of 1925 was \$4.83 to the pound.

In respect to trade no statistics have yet been published dealing with a period later than the first half of 1924. The total imports of the Republic from January to June 1924 amounted to 35,873,765 kilogrammes, valued at \$6,802,255; exports amounted to 54,148,790 kilogrammes, valued at \$1,290,273. The United States held the leading and Great Britain the second position in respect to imports. The main exports were bananas, cacao, coconuts, ivory nuts, tortoise-shell and balata. Goods consigned to the Republic are usually sold on the basis of 90 days sight.

There is little to report concerning the industry of the Republic. Development is slow; but an attempt has been made to establish hat-making under a special contract with the Government. Stock-raising has received a certain impetus from the purchases made by the Panama Canal during and since 1923.

The cultivation of bananas is rapidly extending along the Atlantic coast and on the shores of Lake Gatun. Coconut cultivation was enormously stimulated during the war; since then the demand has fallen. An incentive has been given to sugar-growing by the protective tariff of \$2 a hundred kilogrammes for refined sugar, and 6 cents a kilogramme for concentrated juice. There is at present no exportation of sugar. The remaining part of this section of the Report deals with the cultivation of cacao, balata and rubber, coffee, cotton, tobacco and the exploitation of manganese, oil and gold.

In the chapter on transport and communications the writer deals with the regulations for shipping, the development of roads, and the various branches of communication.

The cost of living in the Republic is high. Wages have risen, but fall short of the figure which would enable the worker to attain the pre-war standard of living.

Rents are regarded as oppressive; but the difficulties of the landlords are numerous and great. The dissatisfaction gave rise to disorders and American troops were called in to restore order. Eventually a concession was made to the tenants; but dissatisfaction is beginning to rise again.

Canal Traffic in 1925.—Official figures on Panama Canal traffic during the calendar year 1925, have just been made available and they show that over 75 per cent. of the cargo through the Canal was carried by American and British vessels. In the relative number of vessels making the canal transit the United States led with 47.2 per cent. of the total, a reduction over last year when the American vessels represented 52.3 per cent. of the total. British ships showed a slight gain, the figures for 1924 being 26 per cent., and for 1925 they show 27.2 per cent. Norwegian vessels rank third with 4.9 per cent., while the ratio of German vessels has remained unchanged, showing 3.4 per cent. for both years.

There was a total of 2,255 United States vessels through the Canal during the year, transporting 12,677,974 tons of cargo and paying \$10,789,783 in tolls. The 1,301 British vessels making the Canal transit carried 5,976,028 tons of cargo and paying \$6,055,621 in tolls, from which it can be seen that the rate of tolls per cargo ton on British vessels was considerably higher than on cargo carried on American vessels. Norway had 235 vessels with 881,346 tons, paying \$733,186 in tolls, while German vessels numbered 162, with 854,742 tons of cargo and paid \$664,547 in tolls. Peru led South American countries with 65 vessels, carrying 78,374 tons of cargo, paying \$108,577 in tolls.

The tourist and transit passenger traffic is the biggest source of revenue for the merchants of Panama and Colon, the terminal cities of the Panama Canal in the Republic, and this has grown steadily since the opening of the waterway to commerce. Last year approximately 160,000 passengers passed through the Canal in transit and the great majority of these came ashore. (*Export Trade and Finance*, June 12.)

SOUTH AMERICA

ARGENTINA.

The Economic Crisis.—The Argentine Press is much concerned with the general depression from which the country has suffered during the present year, but the opinion is gaining ground that a change for the better is to be expected and that, in any case, the present crisis cannot be regarded as a permanent development.

In a contribution to *La Nación* (Buenos Aires) of August 17 last Señor Alejandro E. Bunge explains that the common mistake made by so many foreign countries of regarding Argentina as an extremely rich market that must be captured for the consumption of their respective national wares has led to the pernicious system of dumping and the consequent glutting of the Argentine market. To this there has naturally been a reaction and the present depression is largely a reflex of this state of affairs. Many of the Argentine industries have this year had to close down temporarily or to put their employees on short time. The crisis is one of production and national work rather than of a purely commercial and banking nature. Señor Bunge believes that an improvement could be effected if the Government would change its present policy and pay more attention to the fostering of national industries. He mentions as a case in point that before the import duties were reduced the average yearly imports of table oils was 11 mill. kilogrammes. The national consumption was about 60 mill. kilogrammes per annum, so that nearly 50 mill. kilogrammes were manufactured by home industry. Since the diminution of the duties imports have risen to 29 mill. kilogrammes in 1924, 36 mill. kilogrammes in 1925 and 10 mill. kilogrammes

in the first quarter of 1926. Señor Bunge's view of the best means to ease the present situation cannot be said to represent the general opinion of economists in the country. It has of late been frequently pointed out that Argentina's worst enemy is the high cost of living and that any measures that would tend to make prices rise still higher would be fatal to the future welfare not merely of the poorer classes but also of the manufacturers and farmers. The country has still to be developed and to do this it is essential that all commodities should enter the country without heavy duties.

The problem of the present economic crisis in Argentina also engages the attention of *Export Trade and Finance* (New York). In the issue of August 21 last it is pointed out that the year 1924 was a very good one in Argentina, and consequently there developed a large import business. The consequence of this was that when 1925 failed to come up to expectations there was a glut of merchandise and practically in all lines the importers found themselves heavily overstocked. Crops were disappointing both in quality and in quantity. The revenues of the country diminished at a rapid rate.

Credit as a commodity has always been subject to abuse in Argentina. This condition, serious at all times, becomes particularly menacing when business drops from natural causes. There was a perfect orgy of paper financing between banks, capitalists, local industrials and merchants. Thus we have been treated in the first six months of 1926 to a succession of commercial failures that has been without parallel in Argentine history. There was such a tangled interrelation between banks, capitalists, merchants and manufacturers that in collapsing each concern inevitably endangered and pulled after it into the pit of commercial failure other concerns that had been well reputed and unsuspected of proximity to financial disaster. Particularly in the textile industry there was a condition that bordered on panic. The Argentine had gone into industrial expansion, and much money had been sunk, particularly in the manufacture of hosiery. One of the features of the Argentine textile trade was the existence of auctioneers, whose rooms were disguised dumping grounds for stocks of near-insolvent concerns. One of the largest of these collapsed with a gigantic deficit, owing money to a number of Buenos Aires merchants, and causing in rapid succession the bankruptcy of quite a large number of them.

Just before the beginning of 1926, there was an excellent harvest forecast, but inclement weather and rust affected the crops. The diminishing purchasing capacity of Argentina's European customers played also an important part in the unfavourable situation which

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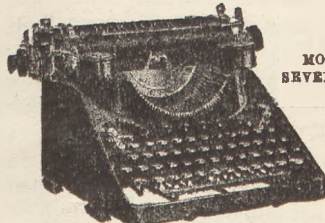
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ensued in the first part of 1926 and is only now commencing to improve, with promise of better times.

There is really nothing radically wrong with Argentina. The country is rich, resourceful, energetic. But being dependent for her good fortune upon a number of factors that are subject to fluctuation, she will have good seasons and bad seasons.

Argentina cannot be said to be very fortunate in respect to its Legislature, and many ill-considered and impracticable measures have been enacted. Argentine Supreme Court judgments in matters relating to the obligations of foreign shippers under c.i.f. contracts also gave the business world uneasy moments.

The matter of credit granting within the country, of accommodations between banks and their friends, between capitalists and those that seek capital aid, must be placed on a saner basis before the danger of the recurrence of failures on a large scale can be considered eliminated.

About 1927 Argentina may be confidently expected to recover fully from the depression which is prevailing now, provided, of course, nothing unusual happens to her crops. In the meanwhile there is no occasion whatever to become panic-stricken even in the face of heavy commercial failures. One radical fault of Argentine importers has been an excess of optimism, and they have been habitual overbuyers. This practice has, of course, inevitable consequences whenever a crisis of greater or less proportions occurs in the affairs of a country situated as is Argentina.

Exporters to Argentina should be cautioned with regard to credit granting. Stereotyped reports of a customer's credit standing are inadequate under the circumstances. In addition to knowing the character and the financial responsibility it is advisable to find out in whose company the customer travels. The commercial and financial involvements of an Argentine firm should be well known to the credit grantor. Before embarking in business with the Argentine the seller should be very clear as to the kind of competition he will encounter. It is true that the United States has made great gains at the expense of the British, and in some lines holds her own against German and French competition; but the American exporter will do well to watch the determined efforts of the British to recapture the Argentine trade, and the effect of the new British foreign credit insurance scheme on these efforts.

The local manufacturers in Argentina offer another competing factor which at times looms very dangerously and at other times suffers a set-back, as has happened under influence of recent trade depression. Not a small part of the present commercial depression, in addition to the unfavourable crop situation, was due to the unsettled political and financial conditions, the decline in the value of the paper peso, and the unsatisfactory trade figures for 1925. Low exchange is unfavourable to good import business, and the coincidence of low exchange in Argentina's principal customer countries did not help much in export.

Approved Budget Alterations.—The report of the Finance Committee on the Budget (see THE ECONOMIC REVIEW, April 9), gave rise to lengthy discussions in the House of Deputies and the Senate. Summarising the various reports that have appeared in *La Nación* between June 24 and August 17 last, we note that Parliament first approved the extension of the 1925 Budget to the end of August and eventually to the end of the present calendar year. Certain modifications have been made in the original estimates. Ordinary expenditure is now set at 590 mill. pesos, subsidies, etc., at 20 millions and public works expenditure at 135 mill. pesos, thus bringing the grand total to 745 mill. pesos. The public works expenditure is covered by an issue of internal bonds to the extent of 150 millions. The ordinary revenue remains unchanged. It has further been decided to apply the provisions of the 1926 Budget expenditure to the financial year 1927.

Railway Finance and Intelligence.—Both the Buenos Aires Great Southern and the Buenos Aires Great Western Railways have increased their distributions for the year ended June 30 last. The Great Southern is paying a dividend of 4 per cent. plus a bonus of 1 per cent., thus bringing the total for the year to 8 per cent. as against 7 per cent. for the preceding year. Traffic receipts improved by £1,120,000. The prospects of the company are stated to be very good, while further improvements may be expected as a result of opening up new lines which will serve districts badly in need of railway facilities. The main section of the new lines is about 150 miles in length.

The Great Western has raised its final dividend from 3½ to 4 per cent., thus bringing the total dividend for the year to 7 per cent., as compared with 6 per cent. for the year 1924–25. The sum of £100,000 is being transferred to reserves. Traffic receipts show an increase of £191,000 on those of the preceding year. The earnings of the Argentine North-Eastern Railway also improved by £44,900, those of the Córdoba Central by £123,600, and those of the Entre Ríos system by £99,500. None of these three last-mentioned railways paid any dividend in 1924–25, and the Argentine North-Eastern has not declared any interim dividend for 1925–26. The Entre Ríos Company is paying an interim dividend of 2 per cent., and the Córdoba Central an interim dividend of 2 per cent. on the 5 per cent. preference shares. The Buenos Aires and Pacific recorded a diminution of £26,000 and the Central Argentina of £378,000 in traffic receipts, as compared with the preceding year. The Buenos Aires and Pacific is, however, paying an interim dividend of 3 per cent. and the Central Argentina of 2½ per cent.

The Bills embodying concessions for the extension of the Buenos Aires Great Southern and the Buenos Aires and Pacific Railways have now become law. In conjunction with these undertakings dock extensions and other utility works are planned.

Foreign Trade Returns for 1925.—According to the official report the total turnover of Argentine foreign trade during the past year represented an aggregate value of 1,744.7 mill. pesos (gold), or 95.3 mill. pesos less than in the preceding year. Imported goods amounted in value to 876.8 mill. pesos as against 828.7 millions in 1924, thus showing an increase of more than 48 millions. Exports, on the contrary, fell off from 1,011.4 mill. pesos in 1924 to but 867.9 millions in 1925. The past year therefore closed with an adverse balance of 8.9 mill. pesos, while the preceding year showed a favourable balance of some 182.7 millions. For the sake of comparison with previous years we append the yearly import, export and trade balance figures for the period 1913 to 1925 (in thousands of gold pesos):—

	Imports.	Exports.	Balance.
1913 ...	496,227	519,156	+ 22,929
1914 ...	322,530	403,131	+ 80,601
1915 ...	305,488	582,179	+ 276,691
1916 ...	363,130	572,999	+ 209,869
1917 ...	380,321	550,170	+ 169,849
1918 ...	500,602	801,466	+ 300,864
1919 ...	655,772	1,030,965	+ 375,193
1920 ...	934,967	1,044,085	+ 109,118
1921 ...	749,533	671,129	— 78,404
1922 ...	689,645	676,008	— 13,637
1923 ...	868,430	771,361	— 97,069
1924 ...	828,710	1,011,394	+ 182,684
1925 ...	876,847	867,930	— 8,917

The *Boletín Mensual de Estadística Agro-Pecuaría* gives the full particulars, as issued by the Ministry of Agriculture, of the chief exports of the different commodities to the respective foreign markets in 1925, in comparison with the figures for 1924. From these

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particulars we have compiled the following table, which also shows the exports to Great Britain (in metric tons) :

	Total.		To Gt. Britain.	
	1924.	1925.	1924.	1925.
Maize	4,526,660	3,212,720	376,587	202,517
Wheat	4,384,198	2,900,782	498,810	141,860
Linseed	1,357,784	1,045,554	126,099	26,599
Oats	729,035	457,873	105,514	23,466
Barley	192,348	67,029	16,355	695
Flour	174,538	140,670	13,771	12,890
Hay	9,887	2,656	—	—
Quebracho logs ...	94,037	131,520	(insignificant.)	—
Quebracho extract	180,912	289,030	14,617	27,403
Frozen and chilled beef	732,577	673,687	510,550	462,521
Frozen and chilled mutton	83,603	91,322	76,908	85,006
Jerked beef	15,565	13,026	262	135
Frozen pork	118	624	48	483
Preserved meats	81,438	70,155	43,216	47,807
Ox hides, salted ...	169,063	148,512	18,077	19,777
Ox hides, dry	34,494	26,035	2,434	2,075
Sheepskins, unwashed	12,147	11,332	2,017	408
Goat and kid skins	1,759	3,098	38	10
Horse hides	2,713	1,702	—	—
Wool	113,270	111,639	20,616	17,476
Cheese	1,570	188	48	—
Tallow	117,800	78,838	33,609	35,302
Casein	14,995	17,254	1,625	1,484
Butter	29,682	25,994	25,376	24,848
Casings, dry and salted	11,280	13,110	209	331
Hair	3,071	3,330	466	574
Bones	55,662	60,288	4,162	4,224

With the exception of an increase, in most cases very slight, in the exportation of quebracho logs and extracts, frozen and chilled mutton and pork, goat and kid skins, casein, casings and bones, there was a notable falling off in the trade in all the above-mentioned articles. The decline in the trade with Great Britain in many of the commodities was very remarkable. Wheat exports to the United Kingdom, for instance, dropped from 498,810 tons in 1924 to 141,860 tons in 1925; linseed and oats to about one-fifth; barley from 16,355 tons to 695 tons; sheepskins from 2,017 tons to 408 tons. Flour exports to Great Britain remained fairly stationary, but exports of quebracho, frozen and chilled mutton and pork, preserved meats, ox hides, tallow, casings, hair and bones somewhat improved. Great Britain's purchases of frozen pork from Argentina are still very slight, but the total value of these purchases in 1925 was actually ten times that of 1924. There appear to be possibilities of big developments in this branch. A notable feature of Argentine foreign trade is the fact that practically the whole of her butter shipments go to Great Britain.

Present Trend of Foreign Trade.—The decline in the Argentine export trade that was so marked during the course of the past year now seems in many instances to have been arrested. Certain articles of exportation, notably maize, linseed, barley, etc., are showing a big improvement on last year. The *Review of the River Plate* (May 7) published the following figures as to May 6, indicative of the present trend in Argentine exports (in tons) :—

	January 1 to May 6.		
	1926.	1925.	1924.
Wheat	1,264,769	1,889,558	2,504,262
Maize	857,551	430,544	450,715
Linseed	741,238	276,896	749,164
Oats	284,111	254,439	281,847
Flour	50,049	53,252	—
Barley	71,476	44,761	—
Birdseed	5,422	989	—
Butter (cases)	441,442	442,960	—
Sheepskins (bales)	8,114	6,762	—

Maize exports, it will be noted, have nearly doubled, while linseed exports have improved to a still greater extent, though not quite up to the level of 1924. The growth of oats and barley exports is also appreciable. The situation in the wheat market is undoubtedly serious, the decline in exports being particularly heavy. Later reports, however, indicate an improvement. The butter trade remains fairly stationary. Towards the

end of the first half of the present year some improvement was expected in the import trade, but these hopes have not been fulfilled. Conditions in the dry goods market are usually an indication of the general state of affairs; for some time past there has been a pronounced depression in this branch of trade. British trade is apparently suffering from the export advantages enjoyed by countries with depreciated currencies, which enable them to compete more easily against a country with a stable currency. It is mainly on account of this that Italian wares are able for the time being to compete successfully against British manufactures in the Argentine market. The situation in the woollen market is, however, not unsatisfactory and sales of Bradford goods continue to be brisk. The German manufacturers of locomotives are reported to be doing well in exports to Argentina, to the detriment of the British industry.

Harvest Reports.—The official Agricultural and Statistical Bureau has issued its report on this year's crops, actual or estimated, in Argentina. *La Nación* (Buenos Aires) of June 26 publishes the following figures relative to the maize crop in 1926 :—

Provinces and districts.	Hectares sown.	Hectares reaped.	Production (in tons).
Buenos Aires	1,571,000	1,115,892	2,660,000
Santa Fe	1,100,000	1,034,800	2,325,000
Córdoba	818,000	818,000	1,360,000
Entre Ríos	129,500	85,350	85,000
San Luis	40,000	40,000	40,000
Pampa	238,500	197,770	240,000
Other provinces and districts...	400,000	320,000	390,000
Total	4,297,000	3,611,812	7,100,000

The total crop this year represents an increase of 2,367,765 tons, or approximately 50 per cent., on that of last year. The area under maize cultivation was this year 589,300 hectares more extensive than the area devoted to similar crops last year. The vast improvement in production is, however, largely due to the better methods that are now employed. The quality is in general excellent.

The wheat crop is, on the other hand, much below the original estimates on account of the very unfavourable weather conditions. The total wheat yield is given as 5,202,062 tons, which is nearly 650,000 tons below the official estimate at the end of last year. Stocks on hand from 1925 amount to 369,579 tons. The home consumption, including seed grain, is estimated at 2,100,000 tons. Taking into consideration the shipments already made and also the poorer quality of the corn, the quantity available for exportation as at the middle of the year would be about 2,000,000 tons.

Much headway is being made in Argentina with the cultivation of cotton. The chief cotton-growing district is in the Chaco territory, where the weather conditions this year have been favourable to this cultivation. The latest estimate of the yield puts the total production of cotton at 97,400 metric tons, over an area of 110,335 hectares. The figures given below indicate the advance that has been made from year to year :—

Cotton Crop.		
Season.	Area sown.	Total yield.
1921-22	15,615 hectares	12,490 metric tons
1922-23	22,364 "	19,434 " "
1923-24	62,658 "	43,860 " "
1924-25	104,513 "	51,105 " "
1925-26	110,335 "	97,400 " "

The quality of the cotton harvested this year is reported to be superior to that of previous seasons in respect to colour, texture and strength of fibre.

CHILE.

Satisfactory Copper Year and Further Developments.—According to the *Boletín Minero* (Santiago) the Chilean copper industry developed very satisfactorily in 1925. The two most important mines of El Teniente and Chuquicamata continued their extensions throughout the year with a view to augmenting the copper

output. El Teniente can now produce approximately 80,000 tons of copper a year. When the extensions at Chuquicamata are completed its annual output will, it is estimated, attain the figure of 140,000 tons. Within three years the mine at El Teniente should yield 90,000 tons per annum.

Railway Developments.—The Chilean Government, reports the *South Pacific Mail*, has under consideration a project whereby the railway connecting the city of Temuco and the town of Carahue will be extended to the coast at Puerto Saavedra. This extension would have been made years ago but for one awkward fact: it requires the building of one of the biggest bridges in all Chile. The growth of the city of Temuco and the general progress of the province of Cautin is making it very desirable that a "port on the Pacific" within easy reach should be secured. Under existing conditions, the produce of the whole district has to be shipped via Talcahuano or Corral. Both the routes indicated are expensive and lengthy and there is a growing demand in Temuco for easier access to the sea. The most convenient place for the construction of a suitable small port would be at Puerto Saavedra on the Carahue river, where there is a small community of some four thousand people. The "puerto" at present can only admit small coasting vessels of a hundred tons or so, for the river mouth is silted up with sand. To overcome this difficulty it is proposed to drive a canal through the solid land emerging to the right of the town and river mouth, concreting the sides of the new channel some distance out. This would admit large steamers right up to Puerto Saavedra, where they could conveniently discharge cargo and load wheat, animals, etc. Such a port would be of incalculable value to Temuco and would inevitably insure its becoming within a few years' time the first city of the South, unless, indeed, other centres, stimulated to fresh efforts by rivalry, should endeavour to maintain a leading position.

There is, of course, the eternal obstacle to the realisation of this project—lack of funds. There seems to be no objection to the proposal being taken up by a foreign syndicate, so far as the people of Temuco are concerned.

Later cabled news from Chile reveals considerable dissatisfaction over the State railways. It appears that pressure is being brought to bear upon the Government, with the object of transferring the State railways to a national company, the formation of which is already planned, and to run the entire system on a commercial basis. It is believed that such a change would result in an appreciable surplus being realised by the railways. In support of this project it is urged that the country cannot, in the present critical circumstances, assume the risks of State ownership of the railways.

It will be recalled that there are in Chile over 2,000 miles of British owned railways. The total mileage owned by Chilean private companies is not very considerable. The British companies mostly serve the nitrate districts.

Live Stock and Agricultural Exports.—The Chilean Ministry of Agriculture has published in the *Boletín de los Servicios Agrícolas* statistics relating to the situation of live stock and of agricultural exports, from which we have extracted the following figures. The number of head of cattle at the end of 1923 was 1,995,538; sheep, 4,569,166; goats, 525,106; swine, 263,330; horses, 329,454; mules, 43,816; and donkeys, 33,580. The course of agricultural exports between 1919 and 1923 will be seen from the following table:—

	1919.	1920.	1921.	1922.	1923.
Wheat: Kilogrammes ...	39,763,081	22,828,987	41,481,627	1,901,259	21,575,556
Value (pesos of 18d.) ...	7,983,839	7,545,118	7,920,328	289,003	2,314,622
Barley: Kilogrammes ...	42,385,143	2,827,298	61,522,341	43,553,439	45,701,651
Value (pesos of 18d.) ...	7,281,610	410,913	6,644,775	4,614,546	4,576,908
Wool: Kilogrammes ...	12,474,081	13,785,710	12,187,161	12,685,664	10,461,578
Value (pesos of 18d.) ...	21,822,351	30,815,995	8,573,604	5,865,385	8,644,531

These exports have proved very irregular both in respect of volume and value. The general result in 1923 was less satisfactory than in 1919, but an improvement on 1922.

THE ECONOMIST'S BOOKSHELF. BRITAIN'S ECONOMIC PLIGHT.

Britain's Economic Plight. By FRANK PLACHY, Jnr.
(London: Ernest Benn Ltd. Price, 7s. 6d.)

British people with long memories will recollect that at frequent intervals it is announced that England is "done." This constantly recurring falsehood has been reiterated recently, especially in Anglo-American circles. An American editor, believing that a series of articles on Britain's economic position would be read with interest, commissioned Mr. Frank Plachy, Jnr., to write them. In order to add to a London residential qualification of two years, Mr. Plachy toured the industrial North. The reviewer has not ascertained whether these articles were read widely or appreciatively in the United States. Their re-publication in book form confronts another and perhaps more critical audience.

At the outset it must be admitted that Mr. Plachy is a kind and well-meaning, though not particularly accurate or well-informed critic. Some of his statements are distinctly questionable. Only a stranger could write that the British Navy depends entirely on oil received from external sources. The reader will not be quite clear about Britain's dominant industry—on page 43 it is coal, and on page 55 cotton. Not many British people will agree that the League of Nations "has shown itself an agency not of peace, but of war and hate." The American failure "to understand what Great Britain or any of the Dominions gets out of the League" demonstrates an outlook which is utilitarian in its most material and unenlightened form.

Mr. Plachy believes in Protection. He states the argument that as British subjects abroad purchase 14s. 9d. per head of British goods and foreigners 6s. 8d. per head the prospect of increasing trade with the Dominions is better than the prospect of increasing trade with foreigners. All protectionists seem to reason thus and to be equally emphatic about the conclusion. On matters of taxation the author suggests that income tax could be reduced if alcohol and tobacco were taxed more heavily. He has probably not considered that excessive rates on commodities often reduce revenue. This was demonstrated recently with cigars and sparkling wine. Mr. Plachy would do well to read what his learned fellow-countrymen, Seligman and C. C. Plehn, write about British and American taxation.

On the whole the book represents a haphazard mixture of facts and opinions on subjects as diverse as foreign policy and cookery. The facts are sometimes fictions and the opinions frequently based on hoary fallacies. Amongst his platitudes and fatuities the author makes a few good points. The book is well arranged, but the author's style, like much of the matter, savours of second-rate journalism. D. M. S.

UNIVERSITY OF LONDON.

A COURSE of Six Lectures on "ECONOMIC, SOCIAL AND POLITICAL LIFE OF THE ITALIAN COMMUNES IN THE THIRTEENTH CENTURY" will be given (in English) by PROFESSOR G. SALVEMINI (late Professor of Mediæval and Modern History in the University of Florence) at THE LONDON SCHOOL OF ECONOMICS (Houghton Street, Aldwych, W.C.2) on THURSDAYS, OCTOBER 7th, 14th, 21st, 28th, and NOVEMBER 4th and 11th, at 5 p.m. At the First Lecture the Chair will be taken by Mr. R. H. Tawney, B.A., Reader in Economic History in the University. Admission Free, without Ticket.

EDWIN DELLER, Academic Registrar.

STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.
1920.			1923.			1925.			1926.		
Jan. 16	367.9	296.6	Apr. 20	198.5	162.0	Jan. 16	174.8	171.0	April 16	148.1	143.6
May 14	391.2	325.5	July 20	177.3	156.5	Feb. 13	175.2	168.9	May 21	150.2	144.9
July 16	418.8	316.9	Oct. 19	166.0	158.1	Mar. 13	172.8	166.3	June 18	151.7	146.5
Dec. 17	257.0	263.8	1924.			April 17	161.9	162.5	July 16	153.9	148.7
1921.			Jan. 18	178.6	165.4	May 15	158.7	159.0	Aug. 20	155.8	149.1
Jan. 14	244.2	245.9	Feb. 15	187.9	167.0	June 19	160.6	157.6	" 27	154.7	
Apr. 15	202.8	204.8	Mar. 14	182.1	165.4	July 17	160.3	157.5	Sept. 3	154.8	
July 15	194.4	194.1	Apr. 18	177.5	164.7	Aug. 14	158.6	157.0	" 10	151.5	
Oct. 14	170.2	180.7	May 16	171.2	163.7	Sept. 18	158.3	156.0	" 17	154.8	
Dec. 16	153.2	167.9	June 20	167.8	162.6	Oct. 16	154.1	154.8			
Dec. 30	150.0		July 18	167.1	162.6	Nov. 13	153.2	153.7			
1922.			Aug. 15	175.3	165.2	Dec. 18	153.0	153.2			
Jan. 20	144.0	164.0	Sept. 19	167.9	166.9	1926.					
May 19	162.1	160.6	Oct. 17	172.5	170.2	Jan. 15	151.6	151.3			
July 14	165.1	160.3	Nov. 14	173.3	169.8	Feb. 12	148.4	148.8			
Sept. 15	161.2	154.3	Dec. 12	171.7	170.1	Mar. 12	146.1	144.4			
Dec. 15	161.2	155.8									

TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921.	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												
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.												
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.												
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.												
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.												
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. 10 ...	83.7	174.5	60.4†	111.4	92.2	103.1	102.9	111.5	90.1	80.0	100.98	Sept 10
" 17 ...	86.3	203.2	60.4†	110.5	86.7	103.1	102.9	105.9	91.9	81.2	103.21	" 17

† Nominal. * Revised Quotation.

SECURITY PRICES.

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

IN NEW YORK.				IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending	Indus- tri-als.	Bonds.*		Indus- tri-als.	Gilt edged.	Week ending	Indus- tri-als.	Bonds.*	Indus- tri-als.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7	1925, Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6	" 17	151.8	101.9	137.8	117.5
Aug. 20	80.3	90.4		105.4	93.3	June 6	158.2	105.3	128.0	115.3
Oct. 29	91.1	92.0		<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>	Sept. 11	200.0	106.7	129.3	112.3
June 21	115.3	103.3		<i>118.2</i>	118.0	" 18	194.6	107.0	128.4	112.2
Nov. 8	130.1	103.7		133.7	120.4					

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

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