FOREIGN COMPANIES AND TAXATION IN FRANCE.

THE

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

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COMMENTS

In this number we publish the interesting and important manifesto signed by the leading bankers of the world and certain of the leading industrialists. The main purpose of the manifesto is to call attention to the evils that are detected as resulting from the multiplication of tariff barriers. Almost, if not quite, this document asserts that there can be no complete recovery in Europe until the nations throw such barriers down. A perusal of the list of its signatories will convince one of the powerful support behind the move, and should demonstrate the existence of a strong body of expert European opinion in favour of the principles enunciated in the manifesto. It is no part of its function to take up the cudgels on behalf of one side or the other in the controversy between Free Trade and Protection. It envisages no specific policy for this, that, or the other country. Indeed, these principles, if founded on one idea more than another, are based on the assumption that nationalism has already been pressed too far, and that the time is at hand when some joint and systematic effort should be made to reconcile the many local and regional interests that are now left in the throes of unnecessary conflict. It is a plain and straightforwardly written statement of conviction, the burden of which may be conveyed in very few words. It is urged that it is an incontestable fact that in the Europe of to-day—an over-populated, highly productive, and comparatively small area of the earth's surface—the exchange of goods is constantly and irregularly impeded by the existence of a large number of indiscriminating tariff barriers hastily erected for temporary and local purposes, and with no regard at all for the common interests we all of us have in a wide economic development. There can be but little doubt that the manifesto indicates the evil in our midst. These tariff barriers have been erected by international fears and jealousies and by the needs of empty treasuries. This manifesto is new evidence of the ultimate effeteness of such measures, and a plea for reconstruction along the lines of common-sense and good-will.

Much space has recently been devoted by the daily press to the Bolshevist dissensions and to the so-called "compromise" between those in power and the Opposition. We need hardly say that we do not believe this "compromise" to be a compromise at all. The cleavage in the "One and Indivisible" Communist Party of Russia is much too deep, and the passions that have been aroused in the recent quarrels much too great, for any patchwork to last any length of time. If, as reports in the daily press seem to indicate, Trotsky, Zinovieff and consorts have temporarily submitted to Stalin and his clique (and the extent to which they have submitted is very doubtful), it merely means that once again the Opposition will disappear from the surface and will carry on its work under the cloak of secrecy and conspiracy. That there is bound to be a further outburst of mutual recrimination and an open, undisguised struggle for power there can be no doubt. Meanwhile it will be interesting to observe what shape these further developments in the internal affairs of Russia will take and in what way they will affect the foreign policy of the Soviet Union.

While the Soviet leaders are quarrelling the financial situation of the Union is getting increasingly worse. Both sides are trying to use the economic crisis as a happy hunting ground for their political quarrels and both of them mercilessly tear to pieces each other's financial programme, neither, however, having anything practical to suggest. The Opposition's "One Milliard Rouble Fund" for industrialising the country seems as futile as Stalin's chatter about the "Socialistic Accumulation of Capital." What is infinitely more important is, as can be seen from the report presented by Briukhanov to the Council of the People's Commissars, that the State Budget for the first eleven months of 1925–26 shows a considerable debit balance. As usually this is attributed to the failure of carrying out the adopted programme of economic expansion.

The new Lottery Loan also seems to be a failure and the enormous amount of propaganda made in connection with it does not seem to have yielded any satisfactory results. To lend weight to it the Soviet Press are curiously enough interviewing such people as writers, painters, actors and, as indicated in one of our previous issues, also members of the former Financial World. In interviewing the latter the Bolshevist papers are always very careful to give in full all the old titles of their new helpers such as "Former President of the St. Petersburg Merchant Company of Mutual Credit," or "Former Chairman of the St. Petersburg Central Bank of Mutual Credit," etc., etc. It would seem that the Soviet Government are using every endeavour to force the new Loan on an impecunious and an unwilling public.

An interesting development can be observed on the Vienna Bourse which is by no means new but which has lately become particularly accentuated. It is the growing lack of interest on the part of speculators in the Ordinary Share Market and the growing demand for pre-war Mortgage and Railway Securities. It will be easy to understand this phenomenon if one realises that the stimulus expected from the publication by the Joint Stock Companies of Balance Sheets with figures based on Gold values is totally missing, since, with a very few exceptions, there has been nothing in these Balance Sheets to justify an upward movement. On the other hand the interest in Railway Bonds seems to have a very solid basis. While the hopes of speculators for a speedy revaluation of these Bonds are somewhat premature nobody can deny that these hopes are well founded. Certain definite assets were originally pledged to guarantee such Bonds and sooner or later therefore the holders of them will get their compensation. The Bonds of railways which have been taken over by the new States which formerly belonged to the Austro-Hungarian Empire are particularly in demand.

Speaking of the relations between Canada and the

United States, Mr. Mackenzie King, the new Canadian Prime Minister, in a speech made to the Press at Canada House remarked that it is rather amazing to find the extent to which American influence in Canada is concerning people here. In Canada, he said, we are not worrying about it. Here everybody seems to have an idea that there are all kinds of annexation schemes and the like, but no one in Canada takes the thought of annexation seriously. I do not think, said Mr. King, there is a living soul in Canada who is in favour of annexation, and nobody talks about it. Of course, he went on to say, we are glad to get capital into the Dominions, and if we cannot get it from one source we are prepared to take it from another. If British capitalists would put their capital into Canada we would be very glad. All over the Dominion we want capital and labour, and we are after anything that will help to develop our resources and build up Canada. The character of the Canadian people has not altered because of the capital that has come into the country. You do not alter the character of the British manufacturer by giving him a little more money to invest in his own industries. Capital from all parts of the world has helped to build up Britain, and we think that capital from all parts of the world would help to build up Canada. Those citizens of the United States who come across the border into Canada are absorbed into the nation, and we do not find many of them going back. There has been great exaggeration about the movement of Canadians to the United States. Immediately after the war there was a great deal of unemployment in Canada, and at the same time there seemed to be a dearth of labour in America. Many of our working-men go to the United States and take temporary employment there and come back again, and there are many who live in Canada and who cross the border into the United States to work there by day and come home at night. That, however, Mr. King rightly added, is nothing new; it has been going on for forty years.

A DEPUTATION consisting of representatives of the Association of British Chambers of Commerce and of the Federation of British Industries met the President of the Board of Trade last Monday and discussed Anglo-Spanish trade questions. The deputation placed before the President detailed information as to the difficulties at present encountered by British manufacturers and exporters in their export trade to Spain. The President, state the deputation, received them sympathetically. The Sheffield Chamber, in a letter to the President of the Board of Trade on October 12, urged on the Government the desirability of giving notice to the Spanish Government before October 23 of their intention to terminate the Anglo-Spanish Commercial Treaty now in operation between the two countries at the expiration of the three years from its first ratification—namely on April 23, 1927. "The Sheffield Chamber of Commerce," the letter stated, "urge this course upon the British Government on the ground that under the existing treaty Spanish exporters secure practically every benefit for which they can hope or wish, since the British Government cannot increase the existing duties on, or limit the importation of, articles forming over half the total Spanish exports to this country, while, on the other hand, there is no clause in the agreement which prevents the Spanish Government from raising the duties on any class of goods, with the exception of 140 specified headings out of the 1,540 comprising the whole Spanish tariff. Thus Spain has recently increased, by a co-efficient varying from 10 to 25 per cent., the duty on 15 groups of articles covering such important exports as steel, iron, machinery, electrical materials, copper, vehicles, cotton, hemp, linen, woollen and silk yarns and materials. Moreover, the Spanish Government have expressly taken to themselves the power to apply a similar co-efficient to other groups at present unaffected. Provided that no discrimination is made between the United Kingdom and other foreign countries, the treaty does not prevent Spain from interfering, by internal legislation, with the import of British goods into Spain. An instance of this is seen in the Spanish Royal Decree of July 9, which practically prohibits the importation of steel by customers in Spain who have dealt directly with members of the Sheffield Chamber for generations; such importation of steel is now only allowed under permit to manufacturers in Spain who actually themselves will use the steel, and this only when local supplies are not available." What the result of the protest will be is unknown, but there is no doubt some very good ground for voicing a grievance.

THE national referendum which was taken during the week in Norway has resulted in a sweeping victory for the anti-prohibitionists. The vote surpassed all expectations, although careful reports made from all parts of the country had indicated for some time past that there had been a decided change in public opinion since the great prohibition victory resulting from the 1919 referendum. On that occasion 489,000 votes were cast for prohibition and 304,000 against. Before the final figures of the present vote were to hand it appeared certain that a majority of more than 120,000 would be cast against the continuance of prohibition. In Oslo, where the tables were principally turned, 103,300 votes were cast against and 15,000 votes in favour of prohibition. Broadly speaking, all the eastern and northern districts of Norway show either large anti-prohibition majorities or a decided advance in that direction, while the prohibitionists have maintained their hold in the west and south, though with reduced majorities. It is probable that the Government will introduce a Bill in the Storthing as soon as it meets for the abolition of prohibition.

ARRANGEMENTS have been made for the issue of a new paper money in Turkey to take the place of the notes at present in circulation, which are still decorated with the Imperial Tughra, the symbol of the vanished monarchy. The new currency is issued under the aegis of the Republican Government. The notes are being engraved in London, and will bear the signature of Abdul Halik Bey, the Minister of Finance in the present Cabinet, instead of those of Hussein Yahid Bey, the former representative of the Turkish bondholders on the Council of the Ottoman Debt, who was recently pardoned after being sentenced to exile for life at Chorum, and of Yavid Bey, his successor in that office, who was hanged for high treason a few weeks ago. Of these new notes there will be 20,563,000 of the value of £T.1, 5,222,000 of £T.5, 2,306,000 of £T.10, 615,000 of £T.50, 307,500 of £T.100, 30,750 of £T.500, and 7,687 of £T.1,000. There is to be no further issue for the familiar and usually rather tattered and dirty 5, 20 and 50 piastre notes, these have been superseded by metallic currency.

THE financial situation of the Egyptian cotton growers as a result of the recent drop in prices is occupying the attention of the Egyptian Government to the exclusion of all other questions, and has, for the moment, relegated politics into the background in the minds of the public. Important meetings have been held during the week between the Government and the leading bankers. It is understood that, for the time being at any rate, all idea of the Government intervening in the markets as a buyer, as in previous years, has been abandoned. But it is now proposed to advance three or four millions from the Reserve through the banks to the growers on very easy terms, the main object being to reach the smaller cultivators, who are the most affected and the least able to tide over the present emergency from their own resources. The bankers are at present in conference discussing the feasibility of this proposal, and a detailed announcement of the Government's decision is expected to be made during the course of this week.

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.)

A PLEA FOR THE REMOVAL OF RESTRICTIONS UPON EUROPEAN TRADE.

We desire, as business men, to draw attention to certain grave and disquieting conditions which, in our judgment, are retarding the return to prosperity.

It is difficult to view without dismay the extent to which tariff barriers, special licences and prohibitions since the war have been allowed to interfere with international trade and to prevent it from flowing in its natural channels. At no period in recent history has freedom from such restrictions been more needed to enable traders to adapt themselves to new and difficult conditions. And at no period have impediments to trading been more perilously multiplied without a true appreciation of the economic consequences involved.

The break-up of great political units in Europe dealt a heavy blow to international trade. Across large areas, in which the inhabitants had been allowed to exchange their products freely, a number of new frontiers were erected and jealously guarded by Customs barriers. Old markets disappeared. Racial animosities were permitted to divide communities whose interests were inseparably connected. The situation is not unlike that which would be created if a confederation of States were to dissolve the ties which bind them, and to proceed to penalise and hamper, instead of encouraging, each other's trade. Few will doubt that under such conditions the prosperity of such a country would rapidly decline.

To mark and defend these new frontiers in Europe, licences, tariffs and prohibitions were imposed, with results which experience shows already to have been unfortunate for all concerned. One State lost its supplies of cheap food, another its supplies of cheap manufactures. Industries suffered for want of coal, factories for want of raw materials. Behind the Customs barriers new local industries were started, with no real economic foundation, which could only be kept alive in the face of competition by raising the barriers higher still. Railway rates, dictated by political considerations, have made transit and freights difficult and costly. Prices have risen, artificial dearness has been created. Production as a whole has been diminished. Credit has contracted and currencies have depreciated. Too many States, in pursuit of false ideals of national interest, have imperilled their own welfare and lost sight of the common interests of the world, by basing their commercial relations on the economic folly which treats all trading as a form of war.

There can be no recovery in Europe till politicians in all territories, old and new, realise that trade is not war but a process of exchange, that in time of peace our neighbours are our customers, and that their prosperity is a condition of our own well-being. If we check their dealings, their power to pay their debts diminishes, and their power to purchase our goods is reduced. Restricted imports involve restricted exports, and no nation can afford to lose its export trade. Dependent as we all are upon imports and exports, and upon the processes of international exchange, we cannot view without grave concern a policy which means the impoverishment of Europe.

Happily there are signs that opinion in all countries is awaking at last to the dangers ahead. The League of Nations and the International Chamber of Commerce have been labouring to reduce to a minimum all formalities, prohibitions and restrictions, to remove inequalities of treatment in other matters than tariffs, to facilitate the transport of passengers and goods. In some countries powerful voices are pleading for the suspension of tariffs altogether. Others have suggested the conclusion for long periods of commercial agreements embodying in every case the most favoured nation clause. Some States have recognised in recent treaties the necessity of freeing trade from the restrictions which depress it. And experience is slowly teaching others that the breaking down of the economic barriers between them may prove the surest remedy for the stagnation which exists. On the valuable political results which might flow from such a policy, from the substitution of goodwill for ill-will, of co-operation for exclusiveness, we will not dwell. But we wish to place on record our conviction that the establishment of economic freedom is the best hope of restoring the commerce and the credit of the world.

The French signatories have appended their names to the above manifesto subject to the following remarks:—

"The undersigned, fearing that certain passages in the Plea may be liable to some divergencies of interpretation, are anxious to specify the points on which they are in agreement.

"They are of opinion that the state of instability and economic disorder in which the countries of Europe are struggling has its origin in the consequences of the war and particularly in the monetary crises which resulted from it. They believe that, in order to avoid an aggravation of the present disquieting situation, it is desirable first of all that the countries in which the currency has not yet been stabilised should advance as speedily as possible towards a sound currency : these countries will be in a position to do so all the more readily according as economic relations between the various nations are re-established on a normal basis favourable to the commercial exchanges.

"In this connection they think the excessive raising and rigidity of certain tariff systems, the intensification of certain forms of direct and indirect protection, discriminations or preferences, and the obstacles raised to international dealings by pernicious traffic regulations must be condemned.

"They therefore declare themselves in favour of any measures that would lead to the breaking down of such artificial barriers as are obstacles to the free resumption of pre-war economic relations between nations.

"Indeed, they cannot close their eyes to the fact that it is impossible for any modern State to live and prosper without keeping up trade relations with other countries, and that, owing to the close mutual dependence of nations on one another, it is only by the interchange of credit facilities and of goods that the economic equilibrium of the world can eventually be attained."

The Italian signatories, for their part, make the following reservations:—

"The undersigned, whilst signifying their agreement with the spirit which has dictated the above manifesto, wish to place on record that had it been possible for them to co-operate in the framing of the document, they would have preferred to give a different and more precise form to some of its passages. Above all, they would have liked that criticism should have been exercised not only as regards the excessive height of Customs tariffs and the rigidity of Customs regulations in force in some countries, but also in respect of all the numerous forms of direct and indirect protection, discriminations or preferences, artificial subsidies and restrictions on emigration.

"With such reservations they willingly subscribe to the manifesto."

We append a full list of the signatories, with their description and business standing:—

Austria.—Oscar Berl, merchant; Dr. Otto Böhler, steel manufacturer; Dr. Siegmund Brosche, chemical manufacturer; Dr. Paul Hammerschlag, Oesterreichische Credit-Anstalt für Handel und Gewerbe; Alfred Heinsheimer, managing director Vienna Bank-Verein; Maxime Krassny-Krassien, chairman Niederosterreichische Escompte-Gesellschaft; Dr. Arthur Krupp, Berndorfer Metallwaren-Fabrik; Julius Meinl, manufacturer; Ludwig Neurath, Oesterreichische Credit-Anstalt für Handel und Gewerbe; Dr. Redlich, ex-Minister; Dr. Richard Reisch, president Austrian National Bank; Baron Louis Rothschild, Messrs. S. M. von Rothschild, Vienna; Richard Schoeller, Steelworks, Schoeller Blackmann; Rudolf Sieghart, president All. Ost. Boden-Credit-Anstalt; Fritz Tilgner, president Austrian Chamber of Commerce; Ludwig Urban, President des Hauptverbandes der Industrie Osterreichs.

Belgium.—J. Carlier, vice-president Council of Industry and Commerce; Hector Carlier, Adm. Dél. Banque d'Anvers; M. Despret, president Banque de Bruxelles; Charles Fabri, managing director Banque d'Outremer; E. Franqui, vice-governor Société Genérale de Belgique; F. Hautain, governor Banque Nationale de Belgique; J. Van Hoegaerden, director general S.A. d'Ougrée Marihaye; J. Jadot, governor Société Générale de Belgique; O. Lepreux, vice-governor Banque Nationale de Belgique; F. M. Philippson, banker; R. Tilmont, director Banque Nationale de Belgique; P. Trasenster, president S.A. d'Ougrée Marihaye; T. Wiener, vice-president Crédit Général Liégeois; Paul Van Zeeland, director Banque Nationale de Belgique.

Czechoslovakia.—Dr. Josef Barton, president of the Czechoslovak Textile Manufacturers' Association; Dr. O. Feilchenfeld, managing director of the Böhmische Eskompt Bank; Dr. Hanus Karlik, president of the Central Association of Czechoslovak Sugar Industry; Dr. Bohuslav Marik, chairman of the Ceskomoravska-Koblen A. G.; Ian Novotny, general director of the Pramyslova Bank; Dr. Vilem Pospisil, governor of the Czechoslovak National Bank; Dr. Jaroslav Preiss, general manager of the Zinnostenska Bank; Dr. Vaclav Schuster, president of the Allgemeiner Böhmischer Bankverein; Dr. Adolf Sonnenschein, director Vitkovice Iron Works; Dr. Eduard Stutz, vice-chairman of the Böhmische Union Bank.

Denmark.—A. O. Andersen, chairman of the Danish Steamship Owners' Association; C. C. Clausen, manager Privatbanken of Copenhagen; Emil Hertz, manager Danske Landmansbank; Ernst Meyer, chairman of the Merchants' Guild; Etatsraad Fr. Nörgaard, general manager Copenhagen Handelsbank; P. P. Pinstrup, chairman of the Council of Agriculture; Lensbaron Rosenkrantz, managing director National Bank of Copenhagen.

France.—R. P. Duchemin, Président de la Confédération Générale de la Production Française; Président de l'Union des Industries Chimiques; Horace Finaly, Directeur Général de la Banque de Paris et des Pays Bas; E. Fougere, Président de l'Association Nationale d'Expansion Economique; Président de la Fédération de la Soie; R. Laederich, Régent de la Banque de France; Président du Syndicat Général de l'Industrie Cotonnière; M. Lewandowski, Administrateur-Directeur du Comptoir National d'Escompte de Paris; R. Masson, Directeur Général du Crédit Lyonnais; H. de Peyerimhoff, Président du Comité Central des Houillères de France; P. Richemond, Administrateur de la Banque Nationale de Crédit; Président de l'Union des Industries Métallurgiques et Minières; Ch. Sergent, ancien Sous-Secrétaire d'Etat aux Finances; Président de la Banque de l'Union Parisienne.

Germany.—Geh. Kommerzienrat Dr. Bosch, chairman Chemical Trust, Heidelberg; Geheimrat Felix Deutsch, chairman General Electric, Berlin; Dr. Carl Melchior, M. M. Warburg & Co., Hamburg; Franz Von Mendelssohn, banker, Berlin; Dr. Schacht, president of the German Reichsbank; Karl Friedrich Von Siemens, chairman Siemens Bros., Berlin; Franz Urbig, Disconto Gesellschaft, Berlin; Generaldirektor Vögler, Steel Trust Dortmund; F. H. Witthoefft, senior partner Arnold Otto Meyer, India merchants, Hamburg.

Great Britain.—Sir Arthur Balfour, chairman Arthur Balfour & Co., Ltd., Sheffield; Henry Bell, director Lloyds Bank Ltd.; Sir Hugh Bell, Bart., ironmaster; Lord Bradbury, director Williams Deacons Bank, Ltd.; William Carnegie, general manager National Bank of Scotland, Ltd.; W. H. Coats, chairman J. & P. Coats, Ltd.; Sir John Cowan, chairman Redpath, Brown & Co., Ltd.; Laurence Currie, Glyn, Mills & Co.; F. C. Goodenough, chairman Barclays Bank, Ltd.; Norman L. Hird, general manager and director Union Bank of Scotland, Ltd.; Robert M. Holland-Martin, C.B., chairman Bank of Liverpool and Martin's, Ltd.; William Howarth, president Textile Institute; Lord Inchcape, chairman Peninsular and Oriental Steam Navigation Co., Ltd.; Lord Invernairn, chairman W. Beardmore & Co., Ltd., Glasgow; Walter Leaf, D.Litt., chairman Westminster Bank, Ltd.; Kenneth Lee, LL.D., chairman Tootal, Broadhurst, Lee & Co., Ltd.; Sir Frederick Lewis, chairman Furness, Withy & Co., Ltd.; Lord Maclay of Glasgow, shipowner; Andrew McCosh, chairman William Baird & Co., Ltd.; Right Hon. Reginald McKenna, chairman Midland Bank, Ltd.; Sir Adam Nimmo, chairman of the Scottish Coal Owners' Association; Right Hon. Montagu Collet Norman, Governor Bank of England; Right Hon. Viscount Novar, K.T., P.C., D.S.O., director Union Bank of Scotland, Ltd.; A. A. Paton, chairman Liverpool Cotton Association; J. W. Beaumont Pease, chairman Lloyds Bank Ltd.; Eustace R. Pulbrook, chairman of Lloyds; Lord Revelstoke, Baring Bros. & Co., Ltd.; Alexander Robb, general manager Commercial Bank of Scotland, Ltd.; Lionel D. de Rothschild, N. M. Rothschild & Sons; Sir Felix Schuster, Bart., director of the National Provincial Bank, Ltd.; George J. Scott, treasurer and general manager Bank of Scotland; Sir Josiah Stamp, president of the executive of the London, Midland and Scottish Railway; Sir D. M. Stevenson, Bart., ex-chairman British Coal Exporters' Federation; Rees Griffith Thomas, general manager British Linen Bank; Douglas Vickers, chairman Vickers, Ltd.; Lord Weir, Weir & Co., Glasgow; Sir Glynn H. West, chairman Rylands Bros., Ltd.; William Whitelaw, chairman London and North Eastern Railway; Col. F. Vernon Willey, Francis Willey & Co., Ltd., Bradford; Sir Percy Woodhouse, president Manchester Chamber of Commerce; Sir Alexander Kemp Wright, K.B.E., general manager Royal Bank of Scotland; D. Young, general manager The Clydesdale Bank, Ltd.

Holland.—Dr. C. J. K. Van Aalst, president Nederlandsche Handel Maatschappij, Amsterdam; S. P. Van Eeghen, merchant banker, Amsterdam; F. H. Fentener Van Vlissingen, manufacturer, Utrecht; E. Heldring, president Chamber of Commerce, Amsterdam; Dr. A. J. Van Hengel, director Rotterdamsche Bankvereeniging, Amsterdam; Dr. P. Hofstede de Groot, managing director Amsterdamsche Bank; Paul May, Lippmann Rosenthal & Co., bankers; Dr. W. A. Mees, R. Mees & Zoonen, bankers, Rotterdam; A. F. Philips, managing director "Philips Gloeilampenfabrieken," Eindhoven; D. W. Stork, Stork Bros., Inc., Hengelo; C. E. Ter Meulen, Hope & Co., bankers; Dr. Q. J. Terpstra, shipbuilder, Rotterdam; Professor Dr. M. W. F. Treub, ex-Minister of Finance, The Hague; Dr. F. G. Waller, managing director Nederlandsche Gist & Spiritusfabriek, Delft; Th. Van Welderen Baron Rengers, agricultural economist, Oenkerk, Friesland; Dr. G. Vissering, president Nederlandsche Bank, Amsterdam.

Hungary.—Anthony Eber, general manager Hungarian Italian Bank; Charles de Erney, general manager First National Savings Bank; Henry Fellner, chairman First Hungarian Steam Milling Co. of Budapest; Exc. Gustavus Gratz, ex-Minister of Foreign Affairs; Count John Hadik, ex-Minister of the Crown; Baron John Harkányi, ex-Minister of Commerce; Baron Maurice Kornfeld, director National Bank of Hungary; Baron Paul Kornfeld, director Hungarian General Credit Bank; Baron Marcel Madarrassy-Beck, President Hungarian Discount and Exchange Bank; Emil Mutschenbacker, managing director Hungarian Agricultural Union; Count Ladislas Somssich, president Agricultural Union; Exc. John Telesky, ex-Minister of Finance.

Italy.—G. Agnelli, president "Fiat" Co.; Antonio Stefano Benni, president of the General Fascist Confederation of Italian Industries; Biagio Borriello, vice-president Union of Chambers of Commerce; Ettore Conti, Senator and industrialist; Riccardo Gualino, president "Snia Viscosa"; Felice Guarneri, director general Association of Italian Corporations; Gino Olivetti, chief secretary General Fascist Confederation of Italian Industries; Nicola Pavoncelli, president of the board of the Bank of Italy; Alberto Pirelli, president Association of Italian Corporations; L. Toeplitz, administrator Banca Commerciale Italiana.

Norway.—Cæsar Bang, president Federation Norwegian Industries; E. G. Borch, president of the Royal Agricultural Society of Norway; Sir Thomas Fernley, shipowner; Kamstrup Hegge, managing director Nan Norske Creditbank and President of Association of Norwegian Private Banks; Hieronymus Heyerdahl, chairman Christiania Bank of Kreditkasse; A. F. Klaveness, shipowner; N. Rygg, president of the Bank of Norway; H. Westfall-Larsen, president Norwegian Shipowners' Association; Wilh. Wilhelmsen, shipowner.

Poland.—Dr. Henry Aschkenovi, managing director Banque d'Escompte de Varsovie; Stanilaw Karpinski, president Banku Polskiego; Esc. Marjan Szydlowski, representative of Association of Mining Industries of Upper Silesia; A. de Wieniawski, vice-president Banque de Commerce.

Roumania.—Maurice Blank, vice-president Banque Marmoresch, Blank & Co., Bucharest; M. Oromulu, governor Banque Nationale de Roumanie.

Sweden.—Gannar Dillner, managing director Trafikaktiebolaget Grängesberg-Oxelösund, Stockholm; J. S. Edström, managing director Almänna Svenska Elektriska Aktiebolaget, Stockholm; Gust Ekman, general manager Aktiebolaget Goteborgs Bank; Ivar Kreuger, managing director Svenska Tandsticksaktiebolaget, Stockholm; Victer Moll, governor Bank of Sweden; O. Rydbeck, general manager Skandinaviska Kreditaktiebolaget; Helmér Sten, general manager Aktiebolaget Svenska Handelsbanken; K. A. Wallenberg, chairman Stockholms Enskilda Bank; Marc Wallenberg, chairman Swedish Bank Association.

Switzerland.—G. Bachmann, president Banque Nationale Suisse, Zurich; Frederick Dominice, Adm. Union Financière de Genève; Leopold Dubois, chairman Société de Banque Suisse; Albert Lombard, vice-president Swiss Association of Bankers; Rudolf Sarasin, president Chamber of Commerce, Basle; Carl Sulzer Schmid, president Gebruder Sulzer Aktiengesellschaft, Winterthur.

United States.—Gates W. McGarrah, banker, New York; J. J. Mitchell, president Illinois Merchants' Trust Co., Chicago; J. P. Morgan, Messrs. J. P. Morgan & Co., New York; Thos. N. Perkins, Delegation of the Citizens of the U.S.A., Member of the Reparation Commission; Melvin A. Traylor, president First National Bank, Chicago; Albert H. Wiggin, president Chase National Bank, New York.

FOREIGN COMPANIES AND TAXATION IN FRANCE.

THE QUESTION OF COMPOSITION.

By Paul Apostol.

The recent increase in the taxes on transferable securities in France has aroused opposition on the part of many foreign companies that compound for the payment of stamp duty and a tendency to discontinue the practice. The Government, however, has notified its intention to refuse admission to quotation, both in the *parquet* and in the *coulisse*, to foreign shares in respect of which stamp duty composition has been discontinued, and this step, which will affect especially the interests of French holders and those of the Paris Bourse has called forth strong protests from the French Press against the attitude taken up by the Cabinet. From information published in the newspapers it would appear that the Government has given heed to these protests and is now prepared to make some concessions to foreign companies with regard to the weight of taxation to which they are liable.

To understand the controversy to which this question has given rise it is necessary to have a grasp of the system of taxation of foreign transferable securities and of the admission of these securities to quotation. From the point of view of taxation in France, foreign securities may be divided into two categories, those in respect of which payment of stamp duty is compounded and those with regard to which no such arrangement obtains. The former are those of companies which agree to compound and undertake to pay to the French Commissioners of Inland Revenue the same taxes to which French securities are subject, according to a number of securities fixed, after enquiry, by the Minister of Finance. This number is supposed to represent the amount of such securities circulating in France. Securities not subject to composition for the payment of stamp duty actually pay a duty of 4 per cent. on their Bourse value. But with regard to the deduction on the *coupons* in respect of income tax, it is actually not less than 25 per cent., and this rate has been fixed so high precisely because no composition has been arranged for.

Compounding foreign companies consider that the taxes to which their shares are subject are too high. As a matter of fact the French Revenue Authorities compel them to pay, in respect of the number of shares supposed to be in circulation in France, 0.20 per cent. of their face value for stamp duty, 0.84 per cent. of the previous year's average quotation for transfer tax, and 18 per cent. of the gross coupon for income tax. The total amount of these taxes represents sometimes more than 50 per cent. of the aggregate profits that should be divided among the holders of shares supposed to be in circulation in France. The companies, of course, can recover the sums paid to the Revenue Authorities by deducting from the *coupons* paid in France the amount of tax paid in respect of each share. But, to escape this deduction, many holders resident in France have their coupons paid abroad, in which case the taxes paid in France are liable to remain a charge on the companies in question and so absorb a portion, however small, of their profits.

The compounding system has other disadvantages for foreign companies. The committee of the Ministry of Finance appointed to estimate the number of the shares in circulation in France often fixes the amount at too high a figure; the long delays that occur in fixing the taxable amount lead to the accumulation of arrears of taxation due by the companies; and so forth. In the circumstances foreign companies are withdrawing more and more from the compounding system.

Only foreign shares in respect of which payment of stamp duty has been compounded for can be admitted to official quotation (in the *parquet*). But what is the position of foreign shares not compounded for with regard to quotation in the *marché en banque* or *coulisse*? In the case of foreign shares issued in France, or placed for subscription in France or introduced into the market (in the legal sense of the word), they are allowed quotation in the *coulisse* unless they have been compounded for. But in the case of foreign shares which have not been issued in France (or placed for subscription there or introduced into the market) they are admitted to quotation in the *coulisse* even if not compounded for. The number of foreign shares not issued in France, but which have been bought up by foreign capitalists and have since found their way into the market in the ordinary way of business, is very large. That is what happened with the Rio Tinto, the Royal Dutch, etc., etc. With a view to force foreign companies not to withdraw from composition, the Ministry of Finance has decided that foreign shares withdrawn in future from composition are not to be admitted to quotation in the *coulisse*. Consequently foreign shares in respect of which composition has not been made will not be quoted either in the *parquet* or in the *coulisse*, and can only be quoted in the open market excluded from the quotation (*marché libre hors côte*).

Now is this threat likely to check the tendency of foreign companies to give up compounding? In French Bourse circles this question is answered in the negative. Foreign companies are not concerned in having their shares quoted either in the *parquet* or in the *coulisse*, and their exclusion from the quotation will only affect the interests of French holders and of the Paris Bourse. Writing on this point the *Agence Economique et Financière* says: "Foreign companies would only appear to be interested in paying the excessive cost of composition when they contemplate placing fresh issues in France. Once these shares have been absorbed, quotation either in the *parquet* or in the *coulisse* is a matter of indifference to them. To be struck out from the various lists of quotations—the official list and the controlled lists—is not to be regarded as a penalty in the case of these companies. It only acts as one in the case of French holders, to whom it is, to say the least, an annoyance. On the other hand, it might prove a source of profit to certain small offices to which the public will have to apply in order to negotiate such shares, without the elementary protection afforded by an authoritative quotation." On the other hand, however, exclusion from the Paris Bourse (*parquet* and *coulisse*) of foreign shares long since acclimatised in France might inflict very serious injury on the Paris market.

As we have already remarked, these considerations appear to have impressed the Government, which, so far as one is able to judge from information published in the Press, is preparing a modification of the system of taxation of foreign shares, which, by reducing the rate of the taxes now imposed on them, would give satisfaction to foreign companies. Since the system now in force was first introduced, that is to say since 1898, numerous proposals have been submitted to the Chamber of Deputies with a view to its amendment. The most recent of these were introduced by M. Caillaux in 1907 and by M. Doumer in 1921. M. Caillaux's proposal was to abolish compounding; all foreign shares were to pay stamp duty in cash, and transfer and income tax were to be deducted from the amount of the coupon. The Chamber passed the measure but the Senate rejected it, and M. Caillaux's proposals were only adopted for companies not compounding. M. Doumer's proposal was in the same sense: compounding was to be abolished and all foreign shares were to pay, subject to certain modifications, the duties and taxes actually paid in respect of shares of companies that do not compound for the payment of stamp duty.

FOREIGN LOAN POLICY OF THE UNITED STATES.

By JOHN FOSTER DULLES.

(*Continued.*)

V.

We now turn to cases where the control is sought to be exercised to promote what are believed to be the economic and financial interests of the American people. In this field the Department of Commerce rather than the Department of State appears to have assumed the initiative in establishing the policies to be pursued, the Department of State co-operating to carry out the economic theories of the Department of Commerce.

The most notable example of this type of control is that afforded by the refusal of the Department of State to approve of loans in favour of government-sanctioned foreign monopolies. The Secretary of Commerce, while disclaiming any desire to see retaliatory legislation adopted by the United States, has expressed the view that such foreign monopolies should not be affirmatively aided by loans obtained in the United States and the Department of State has refused to approve loans to be made directly to such monopolies.

In actual operation this action of the Administration has in fact been retaliatory, and has assumed a form closely resembling that of which we complain.

Foreign borrowers have sought to secure money in the American market primarily because, until very recently, the United States has been the only country having surplus capital which could be drawn upon. England, for example, for several years and until quite recently, did no public foreign financing, as it was felt that this would militate against the restoration of the pound sterling to its gold parity. Thus, as regards free capital, we have occupied virtually a monopolistic position. Furthermore our Government, through the Department of State, has been controlling that monopoly for national purposes.

Thus, when we denied certain foreign monopolies access to our own monopoly of credit, we in effect pitted one monopoly against another. Such a combat cannot be justified on moral grounds. This is the more true since on the one hand our own legislation specifically authorises American concerns to combine for sales abroad, and on the other hand because the foreign monopolies, generally speaking, have not been created to mulct American people, but rather because of the prevailing conception in a large part of the world that the "cartel" system, with government supervision of prices, is economically superior to our own conception of competition enforced by law. Thus the fact that, as a matter of principle, we put ourselves in opposition to all foreign government-sanctioned monopolies can be justified only on the ground that some practical gain will result thereby to our own people.

Unfortunately this does not seem likely. The combat is too unequal, because our own monopoly is but an accident of the war and is gradually waning. New capital is being gradually created in England, the Netherlands and other financial centres. Long before we produce coffee and potash London will have reproduced a reservoir of capital in which she will invite the world to participate. Our dependence on certain foreign products is virtually permanent; their dependence on our capital is but fleeting. Already foreign monopolies, denied the right to borrow money here, have obtained in London the funds which they required. Thus our control has not exerted any appreciable economic pressure upon the foreign monopoly, but has merely diverted certain advantageous financial transactions to our most formidable financial competitor.

Not only do we thus diminish our banking prestige, but our consuming public is more apt to be injured than helped. It is well known that industries desire and need to create a goodwill where they expect to borrow their money. If any foreign monopoly desires to do its financing in the United States and becomes accustomed to looking to the American market for such financing, it is almost inevitable that it should seek to conduct its relations with the American consuming public in a manner such that goodwill will result. If, on the contrary, it is prohibited from coming into the American market for its financing, it is thereby deprived of all financial incentive to moderate its exactions from the American consumer. Its only interest is to obtain the highest price for its goods.

There may, of course, be cases where the conduct of some particular foreign monopoly involves such a threat to our people that governmental aid is required to free us from a dependence which should not be tolerated. Even retaliatory legislation might be warranted. Such unusual cases should be dealt with on their own facts. But the continental conception of economic stabilisation by agreement is not, in itself, so inherently and so universally vicious that our economic resources should be marshalled against it wherever found, particularly if it is probable that the net result will bring us loss rather than gain.

We should perhaps here allude to the possible exercise of control over foreign loans so as to ensure that they will operate to stimulate American industry and not aid foreign competitors. There are those who would advocate a requirement that the proceeds of every foreign loan should be specifically ear-marked for expenditure in the United States.

The State Department has refrained from adopting any such general policy, which could not but defeat its own purpose. As we have seen, the proceeds of our loans are dollars, which must inevitably be employed in the United States. To require specific ear-marking at the time of borrowing would not only be unnecessary, but would probably diminish foreign purchases of American goods. A large part of our exports go to small consumers who have not themselves the credit position to permit their doing independent dollar financing on their own behalf. They obtain their dollars, by banking transactions, from others who have the credit position to do dollar financing and who do not themselves need dollars to buy American goods. For example, the German municipalities which have borrowed here have not, in general, needed any American goods. They sought funds to finance the development of public utilities and municipal improvements which require German, not American, goods and labour. Thus the municipality does not come into our market because it wants dollars, i.e. purchasing power in America, but because American investors put a high value on municipal credit and, in the face of prohibitive domestic money rates in Germany, it has been advantageous to the German municipalities to borrow here. When, however, the dollars are obtained the municipalities in due course exchange them for marks. This they can readily do through the banks, because there are many Germans who have marks and who are glad to exchange them for the dollars needed to pay for American products which they require. Thus, even when the borrower himself does not need foreign funds, the existence of such a need in the borrowing country is a prerequisite to the foreign loan, and the dollar proceeds are as surely spent here as though it were the actual consumer of American goods which had become the public borrower.

There has, however, recently been indicated a tendency on the part of our officials to look with disfavour upon loans to foreign manufacturers who are directly competing with our manufacturers for the business of a third country. Here the third country was Russia and the Government's attitude might, perhaps, be explained on the ground that the loan was regarded as, indirectly, a loan in aid of a country (Russia) the government of which we do not recognise and which has failed to seek to fund its debts to our Treasury.

It appears, however, that our Government was also influenced by economic considerations. If so, it would indicate a somewhat questionable judgment on the economic operation of loans to foreign manufacturers. Such a loan would inevitably benefit American producers, for, as pointed out, the dollar proceeds would have had to be spent in the United States. Probably the transaction would work somewhat after this fashion: in reliance on the American credit, the foreign banks would finance the purchase by Russia of their domestic manufactured products. This would create greater local industrial activity and the importation from the United States of more raw material, such as cotton and copper. The dollar proceeds of the loan would thus be spent for American goods which would proceed to Russia via a third country. Such a loan cannot, thus, properly be disapproved on the ground that it operates to benefit foreign manufacturers to the exclusion of American producers.

We should not leave the subject of control for economic and financial purposes without referring to the possibility of the State Department's control of foreign loans being utilised to protect the investing public from offers of securities believed to be unsound and the due payments on which the borrower would be financially unable to maintain. The Department of State has expressly and repeatedly disclaimed any intention to pass upon loans as business propositions, and has pointed out that its approval or disapproval was not to be considered as reflecting upon the merit of the loan as such. In the main the action of the Department of State with reference to loans has been entirely consistent with its policy as thus expressed. In certain instances, however, the Department of State has so far considered the merits of loans as to point out to the bankers certain considerations which might affect the ability of the borrower to repay. On occasions the State Department has suggested to bankers that prospective loans might not be "productive." In other cases it has pointed out that the foreign borrower might have difficulty in hereafter obtaining the foreign exchange (i.e. dollars) necessary to pay interest on the loans. On occasions it has pointed to certain pre-existing debts which might be or become prior charges upon the resources of the prospective borrower.

It may be questioned whether it is sound for the Department of State to go even so far in making suggestions which relate primarily to the merits of loans as business propositions. It is of the utmost importance, as the Department of State itself is the first to recognise, that there should be no popular impression that the State Department, by permitting a foreign loan, assumes any responsibility for its merits as a business proposition. It is the function of the bankers to pass upon these matters and it is they who should be held primarily and exclusively responsible. It could not but be unfortunate if any impression were given that the Department of State, even remotely, was assuming responsibility for investigating the merits of loans or guiding the bankers in such respects.

VI.

Having thus analysed, in the light of available precedents, the purposes which are sought to be achieved by the control exercised by the Department of State, let us turn in conclusion to certain considerations of a general order.

Control over foreign loans implies, as we have seen, control of the foreign commerce of the United States. Foreign loans are primarily the medium whereby foreigners obtain the dollars requisite to pay for American goods and services to the extent that their value exceeds that of the goods and services which foreigners supply to the United States. Foreign loans are also the medium whereby dollars are procured to repay maturing debts previously created to pay for goods and services.

Thus control of foreign loans involves a vast power over our national economy. A sudden and rigid restriction of foreign loans could not but reflect itself promptly in a curtailment of our export trade and many existing foreign issues might go into default through inability of the debtors to conduct refunding operations. Any body which possesses such power could, by the mere threat of its drastic usage, impose its will to accomplish purposes quite foreign to those which led to the original assertion of the power. It is, therefore, of the utmost importance, particularly during these formative years when our nation first occupies a creditor position, that power to control foreign loans should be exercised only with the utmost conservatism and in such a manner as to establish a strong precedent against the use of this power to carry out disputable and individual economic or political theories. It would obviously be unfortunate if established precedent warranted the use of control over foreign loans as a medium for carrying into effect any economic or financial policies which might happen at the moment to be those of the heads of our executive departments.

Such considerations suggest that control over foreign loans should be limited to cases where such control is necessary to accomplish some objective of the Department of State within the field of public international relations, which is of major importance and which clearly has sufficient popular support so that Congress, if asked, would give legislative approval to the employment of economic pressure to accomplish such objective.

It would appear to be a doubtful wisdom to exercise control for the purpose of carrying into effect the economic theories of a particular Administration as to what is best for the American people. The economic views of the present Administration may be entirely sound. It is almost certain, however, that in the course of time different economic views will be held by succeeding Administrations. Some of these views, though sincere, may actually be unsound. Our foreign commerce and foreign financing should not be continuously subjected to official interference in aid of all such disputable and variable economic theories.

Even if, however, the actual prohibition of foreign loans were to be resorted to only in the very limited class of cases suggested above, there is of course no objection, but on the contrary a distinct advantage, in the Department of State being kept fully and promptly informed with respect to all foreign loans.

These loans have two aspects, on the one hand the dollars which are thereby made available to foreigners to buy our goods and to pay their debts here, and on the other hand the foreign securities which are received by American investors in exchange for their dollars. The latter involve the acquisition by tens of thousands of individual American investors of interests in foreign enterprises. As these investments grow, in the aggregate, into many billions of dollars, a situation is created which cannot but influence our foreign policy. No foreign policy could be intelligently conceived and carried out by a Department of State which was ignorant of or indifferent to the past and current acquisitions by Americans of interests in foreign lands. It might well be that such a movement with respect to some particular country might attain proportions such that it would tend to deprive our Government of its freedom of action in dealing with certain foreign problems and in carrying out some foreign policy which, from other aspects, would be of major national importance. The Department of State should have such information as would enable it to protect against such a development. Accordingly, it is most appropriate that the Department of State should be fully and promptly informed as to what is going on with reference to foreign loans. This result is substantially achieved by so much of the present practice as requires the bankers to inform the Department of State promptly with respect to all prospective public issues of foreign loans. It may be noted, however, that the State Department now requires no information with reference to bank credits extended to foreigners, or with reference to foreign stock issues, so that, from the standpoint of securing information, more comprehensive data might well be sought.

Is it, however, necessary to perpetuate indefinitely the present requirement that the bankers, after informing the Department of State of a prospective loan, must take no definitive action until the proposed loan has been formally passed upon by the Department of State? We have already alluded to the practical difficulties which this practice throws in the way of the American bankers and to the disadvantage to which they are thus put in competition with foreign bankers. Obviously the American bankers should be free from such disadvantage whenever possible. Furthermore, from the standpoint of the Department of State it would seem desirable to avoid formal action on prospective loans in so far as this is practicable consistently with the accomplishment of the legitimate purposes of control. The reduction to a minimum of formal acquiescence or disapproval would correspondingly diminish the responsibilities of the Department of State and the possibility of misunderstanding with reference thereto.

Avoidance of formal measures of control would appear to be entirely feasible if, as a matter of principle, disapproval of foreign loans were to be limited to situations involving some major policy in the field of international relations. Any such policy, if sufficiently important to warrant resort to economic and financial pressure, will certainly be known to all responsible bankers. If it is not known, and cannot be made known, that in itself should be evidence that the situation is not of a character to warrant so unusual a step as the cutting off of private sources of credit and the imposition of economic pressure incident thereto.

Responsible bankers will always be glad to cooperate with the Department of State in the attainment of major objectives in the field of international relations. Formal control is quite unnecessary to secure this result. With respect to debt funding, this is so nearly attained and our Government's policies are so well known that banking compliance therewith can be assumed. The same can equally be said with reference to our national policy toward those countries over which we exercise a special influence which is accentuated by the political implications imputed to the Monroe Doctrine. If new major policies are evolved in consequence of new situations, it would seem that the bankers can readily be advised in an informal manner. If such informal procedure proved in fact to be ineffective, the present system could at any time be re-established either generally or with reference to certain areas. The fact that bankers continued to inform the Government of prospective loans would at all times afford the Department of State an opportunity of promptly intervening in the event of a tendency in foreign loans which ran counter to any major diplomatic objective. If it happened that some banking commitment were made before the State Department could indicate its objection, the harm from such an isolated transaction would scarcely be comparable to the benefit which would result from minimising formal government participation in matters of private finance.

ECONOMIC SURVEY

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

FRANCE

GENERAL AND FINANCIAL

The Budget for 1927 and Debt Redemption.—The draft Budget for 1927 has already been published and the Finance Committee of the Chamber is working at it. The new Budget has provoked very little comment, owing primarily to the fact that public opinion is at present chiefly interested in the issue of the debt agreement affair, which seems very complicated. Further, the principal financial measures of M. Poincaré have already been voted, and the new Budget only recounts the result of their working during 1927.

The general draft Budget shows the following estimates :—

Revenue	Fr.39,960,481,489
Expenditure	39,382,349,274
Surplus	Fr.578,132,215

Revenue is estimated to show no increase ; no new reforms are introduced except certain modifications of existing taxes, all of minor importance.

As for expenditure, the preamble to the Budget points out that it has been calculated with the utmost accuracy. It may be remembered that last year many people protested against the introduction of certain big items representing capital expenditure for telegraphs. Notwithstanding these objections, M. Poincaré, following M. Caillaux, introduced a second instalment of these expenditures into the Budget for 1927. The preamble lays special stress on the necessity in the present conditions of including all expenditures in the Budget, however objectionable it may appear in certain cases from the point of view of normal financial rules. This item means a supplementary expenditure of about 360 millions.

Interest on the advances of the Bank of France is also to be included in the Budget. (It may be remembered that this interest was formerly paid out of new advances.) Besides, the Government expresses its intention to repay its debt to the Bank in proportion to the available means.

The Budget for 1926 has been balanced at the figure of about 37½ milliards ; it thus shows an increase in the financial burden of the country of about 2½ milliards of francs. But it must be noted that besides this amount representing the increase in certain taxes and duties certain branches of revenue have been put outside the Budget and devoted to the redemption of floating debt. These are the receipts from the tobacco monopoly, the succession duty and a special property transfer duty, which together represent for 1927 about 6,700 millions of francs. Thus it may be seen that the resources provided by the Budget for 1927 exceed those of 1926 by about 8.2 milliards.

It is well known that the principal feature of M. Poincaré's financial programme is the redemption of public debt. The most important question put before the Government was the maturing of 7½ milliards of Treasury Bonds in 1927. "However inclined the Government may be to massive redemption of public debt," says the preamble to the Budget, "they do not consider as commendable a fresh increase of the financial burden which would seriously check the development of national wealth." On this ground the Government decided not to have recourse to fresh taxation with the

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view of meeting these maturities, and they expressed the hope that it would be possible to refund these bonds.

The following table shows the different items of the debt redemption (in millions of francs) :—

Debt redemption included in the different chapters of the Budget	3,133
Ditto out of the proceeds of the third annuity of the Dawes Plan	1,542
Ditto out of the Special Fund for the Floating Debt ("Caisse de Gestion")	3,500
Total	8,175

Internal debt redemption will absorb 5,800 millions, the remainder, i.e. 2,375 millions, being devoted to the external debt redemption.

This category of public debt includes the following items (calculated on the basis of Fr.150 to the £ and Fr.31 to the $) :—

	Millions of francs.
Repayment to the Bank of England (£8 million)	1,200
War stocks debt to Great Britain (£1 million)	150
To Uruguay (3 million gold pesos)	96
To Argentina (18.4 million gold pesos) ...	554
To the Netherlands (Fl.30 million)	375
Total	2,375

It is interesting to note how the necessary resources for these repayments are to be provided for :—

	Millions of francs.
General Budget	833
Out of the proceeds of the third Dawes annuity	1,542
Total	2,375

The French portion of the third Dawes annuity is expected to amount to 733 millions of gold marks. It consists of the following items (in millions of gold marks) :—

Army of Occupation expenses	110
Ditto for the period before 1921	14
Belgian war debt	25
Restitutions	7
Reparations	577
Total	733

The amount on account of Reparations (Mk.577 mill.) is equal to about Fr.4.3 milliard, of which Fr.1,542 million are to make up the resources necessary for the repayment of the so-called commercial debt (as above). The remainder (about 374 millions of gold marks or Fr.2,785 million) is to be divided between the devastated areas of France (for reconstruction) and the British and American Treasuries (if the debt agreements are ratified).

It must be noted, however, that the sum of 577 millions of marks does not represent the net yield of the reparation payments, because the deliveries in kind can be realised only at a loss, amounting often to 20 per cent.

For purposes of comparison it may be pointed out that the French payments on account of interallied debts in 1927 (according to the agreements) amount, at the rate of Fr.150 to the £ and Fr.31 to the $, to—

£5 million = Fr. 750 million to Great Britain.
$30 million = Fr. 930 million to the United States.

Total ... Fr.1,680 million

Revenue Returns for September.—The revenue returns for September show no great changes as compared with August. Nevertheless a certain decrease is to be observed, September being generally one of the months when the proceeds from taxation are not very high. The figures are (in millions of francs) :—

	1926.	1925.	Increase.
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
September	3,036	1,769	1,267

The high rate of increase as compared with 1925 observed during the last three months is due, as is well known, to new taxes and to the higher prices influencing the yield of indirect taxation. But it must be noted that the September figures already show a considerable proportion of increase in the yield of direct taxation, the returns for a certain portion of which have already been published (in millions of francs) :—

	1926.	1925.	Increase.
Indirect taxation ...	2,091	1,348	743
Direct taxation ...	596	155	440
State monopolies ...	306	225	81

TRADE

Foreign Trade Returns for September.—Further favourable developments are shown in the foreign trade returns for September, the favourable trade balance being greater than in August (in millions of francs) :—

	Imports.	Exports.	Balance.
March	5,095	4,960	— 135
April	5,020	4,353	— 667
May	4,390	4,460	+ 70
June	5,181	4,671	— 509
July	5,016	5,244	+ 228
August	5,235	5,543	+ 308
September	4,625	5,196	+ 571

From these figures it will be seen that the turnover has generally shown a falling off. This is not merely the effect of falling prices, but is due to a reduction in the volume of trade as compared with the preceding month (in thousands of tons) :—

Imports.	September.	August.	Difference.
Foodstuffs	366	416	— 50 or 12%
Raw materials and semi-manufactured goods ...	3,171	3,362	— 191 or 6%
Manufactured goods ...	112	105	+ 7 or 7%
Total	3,649	3,883	— 234 or 6%

Exports.	September.	August.	Difference.
Foodstuffs	105	103	— 2 or 2%
Raw materials and semi-manufactured goods ...	2,105	2,297	— 192 or 7%
Manufactured goods ...	419	460	— 41 or 9%
Total	2,029	2,860	— 230 or 8%

The volume of trade having diminished almost in the same proportion in the case of exports as in that of imports, the increase in the favourable trade balance is due to a large decrease in the value of the imports, especially of foodstuffs (in millions of francs):—

Imports.	September.	August.	Difference.
Foodstuffs	981	1,240	— 258 or 28%
Raw materials and semi-manufactured goods ...	2,969	3,313	— 345 or 10%
Manufactured goods ...	675	682	— 7 or 1%
Total	4,625	5,235	— 610 or 11%
Exports.			
Foodstuffs	452	388	+ 64 or 17%
Raw materials and semi-manufactured goods ...	1,217	1,509	— 293 or 19%
Manufactured goods ...	3,528	3,646	— 118 or 3%
Total	5,196	5,543	— 347 or 6%

GERMANY

POLITICAL AND GENERAL

Economic Developments in August and September—While the programme for providing work for the unemployed constituted the main economic-political measure in June (*see* THE ECONOMIC REVIEW, August 20), the later summer months were devoted to the problem of putting it into execution financially. The result has been that the programme can only be put into effect in a very reduced form. After various negotiations between the Reich, the provinces and several traffic undertakings, only an expenditure of Rmk.616 mill. has been agreed upon for the current financial year, i.e. up to April 1, 1927. The funds are to be provided by means of loans and are to be sufficient to give employment to about 270,000 workers for eight months. It is doubtful, however, whether sufficient funds will be actually forthcoming to finance the employment of half that number. Rmk.200 mill. of the Rmk.616 mill. is to be devoted to the increase of productive unemployment benefit, the Reich and the provinces providing half each; Rmk.60 mill. is to be set aside for the construction of dwellings for agricultural labourers, in which the Reich and the provinces will also participate to an equal extent; and Rmk.15 mill. is to be allocated to the establishment of farmers' sons. The sum to be allotted to the new building programme has not yet been fixed. Rmk.60 mill. has been contributed by the provinces for road construction and Rmk.41 mill. for the building of canals. Rmk.23.3 mill. of this sum are for the continuation of canals already begun, Rmk.14.7 mill. for the continuation of the Midland Canal and Rmk.3 mill. for the Oderstaubecken–Ottmachau Canal. The Reichsbahn is offering Rmk.110 mill. and the Reichspost Rmk.20 mill. for building purposes, and these sums have already been utilised to a certain extent in the distribution of contracts. Among the projects of the Reichsbahn is the electrification of the Berlin metropolitan and circular railway, which will account for Rmk.20 mill. The financing of the Reichsbahn share of this labour-providing programme has been effected for the present by means of a long term Reich credit.

The long period of unemployment has brought about the problem of the so-called "penniless." The longest period for which the "dole" could be received was originally twenty-six weeks. On March 30, 1926, this was extended to thirty-nine weeks, with a recommendation to the officials to make further extensions in case of need up to fifty-two weeks. This order has been extended to remain in force until January 31, 1927. The number of persons without means of support is estimated at 100,000, and will amount to several hundreds of thousands by the end of the year. In spite of widespread unemployment there have been very few wages disputes. An exception is afforded by the mining industry, which under the influence of the British strike demanded a 15 per cent. increase in wages. An agreement was arrived at without much difficulty under which a 4 per cent. increase was granted.

Dr. Silverberg's speech at the Industrial Conference in Dresden was doubtless one of the greatest economic-political sensations of the month of September, but unfortunately a sensation which had no result whatever. The main subject of the conference was the rationalisation of State and Administration, while the slogan for the December programme is to be "Reduction of Public Expenditure." Dr. Silverberg represented the Social-Democratic Party, as the one having the largest masses of the working class behind it. No doubt the result of Dr. Silverberg's speech will be further negotiations for the reinstitution of the central labour union, but nothing is likely to come of them.

The question of the international exchange of electrical power, and with it the importance of an early fusion within the German electrical industry, was discussed at a special sitting of the world power conference at Bâle. Since the meeting on July 1, after an interval of three and a half years, of the Reich electrical council, an institution of the electricity socialisation law, a solution of the differences between the Reich, the provinces, the communes and private enterprise is hoped for, and with it an end of the wasteful splitting up of power. It is almost certain that this solution will not lie in the direction of a State monopoly. On the other hand, there is talk of an electrical administration scheme which will regulate all further development of the existing works and systems, and the formation of a supreme company into whose possession all overland systems uniting the supply districts will pass.

Of the international trade agreements expected during the Reichstag recess, up to the present only the agreement with France, signed on August 5, has materialised. This agreement came into force on August 21 after due ratification by the Reichstag. It is still only of a temporary nature, but covers a far greater proportion of the trade tariff than former treaties. The most important subject for negotiation, the question of the Alsatian textile industry, remains unsettled. This industry is still dependent on the German market, and was entitled up to January 10, 1925, to duty-free quotas, so that far-reaching concessions from Germany are required. As regards the textile industry, the agreement only includes concessions on the part of Germany for silk, lace and ready-made clothing, while no reduction of duty or quotas has been agreed upon in respect of woollen and cotton goods. The application of the most favoured nation principle to wine, so eagerly desired by France, has only been accorded in the case of champagne. Preferential treatment on the part of Germany has only been granted in respect of agricultural produce and articles recognised by Germany as essentially French, such as soap, perfumery, cosmetics, silk, and ladies' underclothing. In the same way French tariff concessions have been accorded to the main types of the three great German industries, the machine, chemical and electrical industries, together with certain groups of the glass and ceramic, the furniture, small iron and toy industries. As the French tariff does not recognise the most favoured nation clause, a complicated system of minimum tariffs or a percentage of decrease on the maximum tariffs has been arranged. The agreement applies with certain restrictions to the French colonies also. (*Wirtschaftsdienst*, Oct. 1.)

TRADE

Trade with Russia during the Half-year.—Since the stabilisation of the German currency trade between Russia and Germany has developed considerably. Although the net goods turnover (exclusive of gold and silver deliveries to Germany) remained behind the 1913 result by 90 per cent. in 1924, 80 per cent. in 1925 and about 70 per cent. in the first half of 1926, there has nevertheless been a steady increase in trade between the two countries. Russia's position in German exports has developed astonishingly since 1924. In 1913 Russia participated to the extent of 13.2 per cent. in German imports, taking second place after the United States, while in 1924 her proportion was 1.4 per cent. with eighteenth place and in 1925 1.7 per cent. with seventeenth place. With the great increase in the import of goods and gold the 1926 quota will lie much higher. German exports to the Soviet Union in accordance with the economic condition of modern Russia rose from 1.4 per cent. and twenty-third place in 1924 to 2.8 per cent. and twelfth place in 1925 (in 1913 Germany took third place after England and Austria with 8.7 per cent.). In this case also the situation will have developed favourably during the current year. It must be pointed out that this improvement in Germany's foreign trade with Russia has only occurred since the granting of export-promoting credits on the one side and since the development of the Russian industrial revival programme on the other.

A comparison of the figures for the Russo-German exchange of goods in 1924 and in 1925, and in the first half of 1925 and of 1926, justifies an optimistic outlook. According to German foreign trade statistics imports from Russia were as follows (in thousands of Reichsmarks):—

	1913.	1924.	1925.	First half of 1925.	First half of 1926.
Total imports	1,424,600	125,996	209,082	74,004	119,242
Grain	486,800	42,834	34,429	6,904	56,314
Butter	62,800	5,063	13,687	1,598	1,640
Eggs	80,300	10,001	33,895	2,453	9,660
Total foodstuffs	716,000	65,686	91,408	16,456	76,847
Oil fruits and seeds ...	—	5,410	27,762	16,948	5,874
Oilcake	101,400	1,294	9,152	4,776	9,393
Timber	151,700	5,665	18,191	3,420	3,534
Mineral oil	27,800	4,849	14,102	4,540	7,047
Ores	42,400	1,487	6,620	5,633	2,020
Skins and peltry ...	36,700	15,765	11,885	4,778	4,975
Total raw materials and semi-manufactured goods	472,000	57,246	112,897	55,420	40,257
Total manufactured goods	—	3,055	4,708	2,114	2,183

The import of goods, which of recent years has only amounted to one-sixth or one-seventh of the pre-war quantity, consists to a preponderating extent of the import of foodstuffs and raw materials. In view of the agrarian character of the country this is not surprising. The sharp increase in the import of grain during the last few months should be noted, imports in the first half of 1926 being already in excess of last year's total. This is partly due to Russia's improved transport facilities, the inadequate nature of which has long stood in the way of the normal export of her vast stocks of corn. Among raw materials and semi-manufactured goods, mineral oils and fodder have recently assumed more important proportions than in the previous year, although the total half-year's result for 1926 is 25 per cent. behind that of the whole of the previous year *or* the corresponding period of 1925. This decrease refers almost exclusively to the reduced import of oleaginous fruits and seeds. The import of manufactured goods from Russia has never been of much importance. Imports of gold and silver, owing to the transfers effected in the autumn of 1925 and the spring of 1926, are in excess of the pre-war figures. They amounted in 1924 to Rmk.51,000 and in 1925 to Rmk.22,228,000, while in 1926 they reached nearly Rmk.42.5 mill. as compared with Rmk.27 mill. in 1913. The gold served as a security deposit for goods credits.

The real importance of Russo-German trade relations lies naturally in Germany's exports to Russia. In this direction the foreign trade statistics show plainly that the relations between the respective industries as giving and taking factors can only be extended as the rigid Russian system of trade representatives is broken down and future contracting parties can get into personal touch with one another. The results of the current half-year show marked progress in every direction as compared with the previous year, which cannot be solely accounted for by the goods famine in the Russian market, but are rather due to the changed purchase conditions adopted by Russia. In comparison with the first half-year of 1925 exports have risen by 70 per cent. While the export of foodstuffs and beverages has sunk to a minimum, statistics for the export of machinery, metals and automobiles show a really gratifying increase. The following table gives details of German exports to Russia during the first half of 1926 (in thousands of Roubles):—

	1913.	1924.	1925.	First half of 1925.	First half of 1926.
Total exports	891,200	88,999	250,021	95,490	169,212
Milled products ...	36,200	—	8,893	8,893	—
Sugar	—	886	5,975	5,972	5
Total foodstuffs	—	1,529	15,675	15,358	241
Wood pulp	—	527	2,810	1,636	1,288
Iron and other metals, crude and old ...	—	813	6,282	652	3,737
Potash salts	—	—	145	35	17
Chemical raw materials	—	1,426	1,713	648	932
Total raw materials and semi-manufactured goods	—	15,785	28,741	8,853	12,662
Leather	51,500	5,484	15,753	6,645	7,516
Chemical and pharmaceutical goods ...	—	23,201	54,937	22,926	24,587
Metal goods	9,800	8,328	39,280	11,008	35,128
Machines	52,700	10,933	36,683	15,028	33,831
Electro-technical products	—	7,285	11,538	5,230	6,545
Motor cars and cycles...	17,800	1,132	4,797	653	4,775
Total manufactured goods	—	71,649	203,997	71,223	155,354

Manufactured goods constitute by far the greater part of Germany's export to Russia, amounting in the first half of 1926 to more than 90 per cent., to 75 per cent. in the first half of 1925, and to 80 per cent. of the total exports in 1925 and 1924. The increase by 20 per cent. in 1926 as compared with the same period of the previous year is chiefly due to large deliveries of machinery. In this branch the exports in the first half of the current year have already doubled the figures for the whole of last year in respect of value. The automobile export shows a 600 per cent. increase in 1926 as compared with the first half of 1925. Among raw materials the export of iron also shows a 600 per cent. increase, but, in consequence of changes in the varieties of fertilisers used, less potash salts have been imported into Russia from Germany.

If the two tables are examined as a whole, it will be seen that Russia's importance to Germany as a source of supply lies in the import of foodstuffs (eggs, butter and grain) in which the latter country is lacking, while her importance as a customer for German manufactures is proved by the figures presented. (*Hamburger Fremdenblatt*, Oct. 6.)

INDUSTRY

The European Steel Pact.—The representatives of the German, French, Belgian, Luxemburg and Saar steelworks, assembled in Brussels, arrived on September 30 at an agreement on the question of the Continental raw steel combine, which came into force as from October 1. The negotiations were devoted entirely to the Belgian claims. The Belgian industrialists demanded the allocation of a monthly production of crude steel of 295,000 tons instead of the quota of 265,000 suggested by the other countries. Owing to the attitude of the Belgians the sitting of September 17 did not bring the negotiations to a conclusion, and at the next sitting the Belgians succeeded in carrying their point. The total output of the countries constituting the International Crude Steel Combine will amount to 27.5 million tons, and may be increased to 30.7 million tons a year. Belgium would contribute 2.85 per cent. to such an increase. If production were below 27.5 million tons, Belgium's share would decrease accordingly.

Germany, France and Belgium together produced in 1913 26 million tons of crude steel and the corresponding total in 1925 was 25.7 million tons. The individual districts produced the following amounts (in tons):—

	1913.	1925.
Germany	18,935,000 *	12,195,000 *
Saar	——	1,564,000
France	4,687,000 †	7,446,000 †
Luxemburg	——	2,084,000
Belgium	2,764,000	2,411,000
	26,386,000	25,700,000

* In 1913 including and in 1925 excluding Lorraine, the Saar and Luxemburg.

† In 1913 excluding and in 1925 including Lorraine.

The quotas for the individual countries are fixed as follows:—

	Per cent.
Germany, excluding the Saar ...	43.20
France, including Lorraine	31.20
Belgium	11.50
Luxemburg	8.30
Saar	5.80
Total	100.00

A report from Cologne states that the Czechoslovakian group intends to enter into immediate negotiations with a view to joining the European combine, and a telegram from Vienna announces a similar intention on the part of the Austrian and Hungarian groups. According to a telegram from Prague the successful conclusion of the international steel pact has caused great uneasiness in that city. The *Prager Presse* considers that the concessions given to Belgium have been made at the expense of Czechoslovakia and Poland. (*Hamburger Fremdenblatt*, Oct. 1, 2; *Deutsche Allgemeine Zeitung*, Oct. 6.)

SOCIAL AND LABOUR CONDITIONS

Vital Statistics.—The concentration of the population, due on the economic side to increased industrialisation, is having an increasingly marked result on the vital statistics of Germany, as shown in the newly published Statistical Year-book for the German Reich, 1926. The number of marriages is still maintaining a fair average. There was a considerable increase in the first few years after the war, and in 1920 a record not attained since 1871 was registered with 14.5 marriages per 1,000 inhabitants. The number then sank rapidly to 7.1 in 1924, rising slightly in 1925 to 7.7, thereby nearly approaching the average figure for 1901 to 1910, 8.0.

The birth rate, on the other hand, is sinking steadily. Even before the war it had dropped from a yearly average of 40.7 in the period 1871 to 1880 to 33.9 in the period 1901 to 1910 and to 27.6 in 1914. The first few years after the war brought a large increase in comparison with abnormally low war standard, but the birth rate sank quickly from its highest point, 26.7 in 1920, to 21.1 in 1924, and only rose slightly to 21.3 in 1925. The low rate in 1924 was doubtless the result of the unfortunate year 1923.

Up to the present the decrease in the birth rate has not been exceeded by the reduction in the death rate. In 1925 12.6 inhabitants died out of every 1,000, while the death rate in the last year before the war, 1913, amounted to 15.8 and the average for the period 1901 to 1910 was 19.7. Nowhere can the results of progress in medical science be more plainly seen than in these figures, and the great blessing of social welfare activity must also be acknowledged.

Gratifying progress has also been made in the direction of infant mortality. Out of 100 living infants born 10.5 died in the German Reich in 1925, 13.4 in 1921 and 15.1 in 1913. The welfare work of the provinces and municipalities in this direction has thus been richly repaid. How much still remains to be done, however, is shown by the fact that the corresponding figure in Belgium is only 9.3, in Denmark 8.3, in France 8.9 and in England as small as 7.5. The smaller Germanic countries have gone furthest in this connection, Sweden having an infant mortality of only 5.6, Norway 5.5 and the Netherlands 5.0, or less than half of Germany's figure.

The Statistical Year-book is particularly informative in regard to economic conditions. Among the more interesting items, particulars are given of the development of automobilism in the more important countries. In Germany there was one motor car to every 321 inhabitants in 1924 and to every 244 in 1925. That is really remarkable progress, but Germany is far behind most of the other countries in this respect. Without counting the United States, where there is one automobile to every six persons, in Great Britain the figures are 1 in 60, in France 1 in 71, in Sweden 1 in 95 and in Belgium 1 in 121. These figures should serve as an inducement to the German automobile industry to reduce their prices and so keep pace with the leading industrial countries. (*Deutsche Ubersee Zeitung*, Oct. 3.)

POLAND

POLITICAL AND GENERAL

The Amended Constitution and Government Changes.—On July 22 the Seym approved the amendments of the Constitution. The new order provides for a five months' parliamentary session and confers upon the President the right to dissolve the House and to supplement the legislative work of the Diet by decrees, in so far as such decrees do not refer to the Budget, an increase of the Army, declaration of war, changes of the Constitution and the electoral franchise, etc. Taxation and monopolies must also not be altered during Parliamentary vacations.

On September 23 last the Bartel Government resigned. According to the *Frankfurter Zeitung* of September 25, this resignation was to a large extent the outcome of the debate on the budget for the fourth quarter of the current financial year. The original estimates for this period amounted to a total of 450 millions ; the Government then stated it required 484 millions, an increase of 34 millions, of which 19 millions represented the increased amount demanded by the Ministry of War. In the last quarter the Ministry of War required an additional 12 millions, so that the aggregate increase in this account was 31 millions. This heavy expenditure was justified on account of the necessity to maintain the war industries. But it seems that the Ministry of War really required the additional money in connection with the intended transfer to some inland centre of the nitrogen works at present situated in Chorzow. The situation thus created lent an opportunity for an attack upon the Government. The full credit was, however, granted.

The new Ministry is composed as follows: Prime Minister and Minister of War, Marshal Pilsudski ; Minister of the Interior, General S. Skladkowski ; Minister of Public Worship and Education, Professor Bartel ; Minister of Finance, M. Cozchowicz ; Minister of Foreign Affairs, M. Walewski ; Minister of Justice, M. Alexander Meystowicz ; Minister of Agriculture and State Domains, M. Niezabitowski ; Minister of Commerce and Industry, M. Kwiatkowski ; Minister of Public Works, M. Moraczewski ; Minister of Labour and National Economy, M. Jurkiewicz ; Minister of Communications, M. Romocki ; Minister of Land Reform, M. Staniewicz. This Cabinet is composed on a coalition basis ; it represents various classes and political tendencies, from Socialism on the Left to Royalist leaders on the Right. In the main it has been accorded a good Press and is generally regarded as of sound structure.

The Economic Situation.—During the latter part of the summer there were evidences of a continuation of the steady improvement in the general economic situation in Poland. To a certain extent this more satisfactory state of affairs is due to propitious circumstances that cannot be regarded as permanent. The coal stoppage in Great Britain has naturally proved a real blessing to industry and commerce in Poland. The coal industry and the exporters have taken full advantage of the opportunity thus freely offered, and the reaction upon other branches of economic life in the country has also been beneficial. Among other branches, the Polish textile industry has of late been able to come into its own. Eastern markets, which before the industrial crisis in Great Britain were practically reserved for British wares, have been invaded by Polish merchants with outstanding success. The turn of the tide has greatly encouraged the country generally and the home markets have consequently been brisker.

The progress that is being made is, however, by no means ephemeral ; it is the outgrowth of more important causes than the transitory coal stoppage in Great Britain. The harvest throughout the whole country has proved to be better than was originally anticipated, and the disposal of the crops has been effected under favourable circumstances. The resultant increased easiness of money within the country has naturally made business brisker all round. Foreign trade has continued its satisfactory course and unemployment has been still further diminished. According to official statistics there has been a satisfactory decline in insolvency, the number of failures for the first six months of the present year being 193, as against 259 for the first half of 1925. The situation of the national finances has also been improved of late. The August receipts from State enterprises, monopolies, and public levies were much larger than in the preceding month, and the Bank of Poland was able to augment its reserves of gold and foreign valuta. The outlook is altogether promising.

Professor Kemmerer's Report: Increasing Prosperity. — The report of Professor Kemmerer, Chairman of the Commission of the Financial Advisers to Poland, on the financial and economic conditions in that country, has now been submitted to the Polish Government. The report calls attention to the facultative system of taxation which enables large sections of the population to avoid paying, while other sections are over-taxed. As to trade policy, Poland as an agricultural country should not pursue an exclusively industrial policy on the basis of its coal and textile exports, while, on the other hand, an immediate carrying through of land reform might harm the country. The report further is against State enterprise, and deals also at length with the banking question. The number of joint stock banks is too large, and the weaker ones should be liquidated either by amalgamation with larger concerns or by winding up. Strict legal supervision should be exercised over the banks. (*Central European Observer*, Oct. 8.)

In the October number of *The Polish Economist* Professor Kemmerer has published a statement on the improved position of Poland. The following extracts give the main points of the article.

During my first sojourn in Poland in December 1925 and January 1926, in the period of the heavy economic crisis through which the country was then passing, I made the statement that economic conditions in Poland were fundamentally sound, that Poland's difficulties at the time were largely psychological, and that the greatest immediate need was the restoration of confidence on the part of the Polish people themselves. On the invitation of the Polish Government I have this year again spent two and a half months, from July to September, in Poland, on the examination of the finances of the country, and I took this opportunity to get into close contact with the economic life of Poland and to study it thoroughly. There are many signs of increasing confidence and of returning prosperity. Let me cite a few typical ones.

(1) For three months in succession the Budget has been balanced and the surplus has been sufficient to wipe out earlier deficits to such an extent that the five months' period, April to August inclusive, has yielded a surplus.

(2) For nearly three months the currency has been practically stable. In fact, the range of exchange fluctuations has been no greater than might reasonably have taken place had the country been on the gold standard with the currency convertible into gold on demand.

(3) The Bank of Poland has cancelled its $10 mill. credit with the Federal Reserve Bank of New York, released all gold pledges against foreign credits and has increased its reserves against notes outstanding from 32 per cent. in April to 40 per cent. at the end of August.

(4) Polish security prices have tended strongly upwards. The Bank of Poland's shares have nearly doubled in price since the low figure in May, and a number of industrial shares have more than doubled within a few months.

(5) The percentage of bills payable at the Bank of Poland that were protested has fallen from 9.5 in November to 2.5 in July.

(6) The number of daily average truck-loads carried by the Polish State Railways has increased from 10,642 in January to 15,678 in August, an increase, that is, of 40.5 per cent. The number of coal trucks loaded in August was 6,224, the largest for any month in three years, and about 53 per cent. higher than in January.

(7) While the unemployment situation is still bad, there has been a substantial improvement in the last eight months. In January of this year the number of unemployed officially reported was 359,000 and in August it was 245,000, a decline of about 32 per cent.

In fact, there are everywhere signs of increasing business activity and of improved confidence.

The struggle for the financial and economic reconstruction of Poland, however, is just begun. The task will be a long and hard one and will involve many sacrifices; but no one who has read Polish history or seen the Polish peasant at work can doubt the ability or willingness of the Polish people to labour hard and to sacrifice greatly for the welfare of their country.

FINANCE

Improved Revenue Returns.—The collection of revenue in Poland continues to develop very favourably. The following figures, extracted from *The Polish Economist* for October, show that the actual receipts of August last were a vast improvement on (*c*) one-twelfth of the yearly Budget, on (*b*) the figure estimated for July and also on (*a*) the actual yield of August 1925 (in millions of zlotys):—

	(*a*) 1925.	1926.	(*b*)	(*c*)
Direct taxes...	26.8	37.4	24.8	27.7
Indirect taxes	9.5	12.5	8.9	9.1
Customs duties	22.3	15.9	13.0	16.7
Stamp fees ...	8.6	10.8	8.5	9.2
Total of the ordinary public revenues ...	67.2	76.6	55.2	62.7
Property tax ... [tax	5.4	6.3	4.0	5.0
10 per cent. extraordinary	—	1.5	2.0	—
	72.6	84.4	61.2	67.7
Monopolies ...	38.2	47.9	46.9	37.9
Total of public levies and monopolies ...	110.8	132.3	108.1	105.6

If the revenue for the last eight months is taken into consideration, then it should be stated that the receipts from public levies have been much better than was anticipated at the beginning of the year. They are in excess of the sums appearing in the Budget for the year 1926 and, giving the sum of 940 mill. zlotys, represent 74.16 per cent. of the preliminary estimate for the whole year, whereas for the eight months' period the actual revenues were equal to 66.6 per cent. of that sum. A surplus is to be noted with regard to all categories of public levies appearing in the Preliminary Budget, with the exception of Customs duties and the property tax. Considering that the last months of the year usually show the highest revenue from public levies, it is to be expected that the aggregate receipts will greatly exceed those forecasted in the Budget and will make it possible to cover the anticipated budgetary deficiency.

Revenue and Expenditure of the State Railways.—The following statement of the revenue and expenditure of the Polish State Railways for the first quarter of the present year shows the improved situation of these undertakings (in zlotys):—

1. *Normal gauge railways.*

Revenue.

Carriage of passengers ...	54,940,695.76
,, luggage ...	2,485,378.06
,, goods ...	134,092,288.60
,, posts ...	2,533,531.13
,, freight ...	31,793.21
Total ...	194,083,686.67
Other income ...	22,004,272.91
Grand total ...	216,087,959.67

Expenditure.

Exploitation of railways ...	186,253,303.11
Guaranteed advances ...	14,026.08
Aerial communications ...	245,203.97
Total ...	186,512,532.16

Narrow gauge railways.

Revenue.

Carriage of passengers ...	431,160.40
,, luggage ...	7,002.26
,, goods ...	1,605,499.37
,, posts ...	—
,, freight ...	—
Total ...	2,043,662.03
Other income ...	550,516.69
Grand total ...	2,594,178.72

Expenditure.

Exploitation of railways ...	2,761,213.53

Extraordinary expenditure.

Investments ...	1,555,789.25
Reconstruction ...	194,249.65
Aerial communications ...	23,548.49
Total of extraordinary expenditure	1,773,587.39
Grand total ...	4,534,800.92

(*Polish Economist*, October.)

Amendment of the Bank of Poland's Statutes.—M. Karpinski, the Chairman of the Bank of Poland, recently issued a statement to the Polish Press respecting the Bill for amending the statutes of the Bank. One of the main objects of the measure is, it seems, to authorise the Bank to make arrangements with the Minister of Finance for cover in respect of note issue to be reduced to 30 per cent. As a result of this alteration the Bank of Poland will pay a graduated tax according to the note issue, and at the same time the official rate of discount will be increased. The introduction of these restrictions is regarded as a satisfactory guarantee that the limit of 30 per cent. will be departed from only under pressure of extraordinary economic requirements. The Bill also entitles the Board to increase its backing from 30 to 40 per cent., which will permit of a decrease in the proportion of the backing in the near future when reserves are not very substantial; it will also permit an augmentation of reserves within a reasonable period. The Bill further provides for an increase of the Bank's capital from 100 mill. to 150 mill. zlotys by arrangement between the Board and the Ministry of Finance. The full details of this proposal are not yet made known. It is probable that foreign and particularly British capital will participate in this increase of capital. The Bank of Poland will also participate in the new Dollar Bank that is being founded for facilitating export credits. It is reported that the Swedish trust which enjoys the Polish match monopoly is actively interested in this new foundation.

TRADE

Foreign Trade Returns January to August.—The official returns of Poland's foreign trade for the first half of the present year show imports valued at 351.9 mill. zlotys and exports at 574.5 mill. zlotys, as against imports at 1,048.2 mill. zlotys and exports at 630.1 mill. zlotys for the corresponding period of 1925. The adverse trade balance of 418.1 mill. zlotys for the first six months last year has thus been converted into a favourable balance of 222.6 millions for the corresponding period of this year. The particulars of the main imports and exports during this period, in comparison with the figures for the first six months of last year, are as follows (in millions of zlotys):—

Imports.

	1926.	1925.
Live stock	0.07	0.9
Foodstuffs	53.8	270.0
Of which—		
(*a*) Agricultural produce	12.6	82.6
(*b*) Products of the agricultural industry	1.2	102.7
(*c*) Colonial goods	31.0	62.3
(*d*) Other foods and beverages ...	9.0	22.3
Raw materials and semi-manufactured goods	165.5	317.8
Of which—		
(*a*) Agricultural goods, skins, etc. ...	32.8	95.7
(*b*) Lumber	0.5	2.3
(*c*) Products of mining industry ...	17.6	30.8
(*d*) Other raw materials and semi-manufactured goods	114.5	188.9
Manufactured goods	132.3	458.5
Of which—		
(*a*) Articles of wood	0.6	3.1
(*b*) Metal goods	54.6	157.2
(*c*) Leather goods, etc.	11.7	35.3
(*d*) Textile goods	23.7	103.3
(*e*) Paper goods, etc.	3.3	13.2
(*f*) Polygraphic articles	2.4	8.1
(*g*) Chemicals	11.9	20.4
(*h*) Ceramic wares	3.1	9.2
(*i*) Other manufactured goods ...	20.5	108.5
Gold and silver bullion and specie... ...	0.14	0.82
Miscellaneous	0.3	0.05
Total	351.89	1,048.21

Exports.

	1926.	1925.
Live stock	37.9	44.2
Foodstuffs	176.8	126.1
Of which—		
(*a*) Agricultural produce	125.0	75.3
(*b*) Products of the agricultural industry	50.6	47.8
(*c*) Colonial goods	0.15	0.29
(*d*) Other foods and beverages ...	1.0	2.6
Raw materials and semi-manufactured goods	281.0	301.5
Of which—		
(*a*) Agricultural goods, skins, etc. ...	39.8	44.1
(*b*) Lumber	89.1	108.6
(*c*) Products of mining industry ...	142.3	138.3
(*d*) Other raw materials and semi-manufactured goods	9.7	10.3
Manufactured goods	78.3	158.1
Of which—		
(*a*) Articles of wood	8.9	15.7
(*b*) Metal wares	15.5	57.3
(*c*) Leather goods, etc.	1.0	3.5
(*d*) Textile goods	29.3	47.6
(*e*) Paper goods, etc.	1.0	2.2
(*f*) Polygraphic articles	0.8	1.7
(*g*) Chemicals	4.7	6.5
(*h*) Ceramic wares	0.8	1.7
(*i*) Other manufactured goods ...	16.0	21.6
Gold and silver bullion and specie ...	0.019	0.02
Miscellaneous	0.27	0.005
Total	574.5	630.1

(*Wiadomosci Statystyczne Glównego Urzedu Statystycznego*, August 5.)

The favourable course of foreign trade was continued in July and August. Exports in the latter month attained, in fact, a value of 225.7 mill. zlotys, as against imports to the value of 161.4 mill. zlotys. This favourable balance of over 64 mill. zlotys fell, however, below that of July (100.9 mill.), which was one of the best for a long period past. Exports attained the highest value for any month up to date. The quantity of exports in August was also considerably in excess of that for July, the figure being 2,935,215 tons as against 2,788,559 tons. The most important group of imports as regards value is that of textile materials and fabrics. The July and August figures bring the favourable balance for the first eight months of the year to 387.5 mill. zlotys.

PORTUGAL

POLITICAL AND GENERAL

Government Changes.—Since the last survey of Portugal was written for THE ECONOMIC REVIEW further changes have taken place in the composition of the Government. Soon after the construction of the Cabeçadas Cabinet, in which General Gomes da Costa held the portfolios of War and of the Colonies, a rupture occurred between the Premier and the Minister of War, resulting in the overthrow of the former and the construction of a new Ministry under General Gomes da Costa. Dissensions again arose within the Cabinet, this time between General da Costa and the Minister of Foreign Affairs, General Carmona, who wished to make a clean sweep of all the old prominent Democrats. On July 8 last General da Costa was arrested by order of General Carmona and then offered the Presidency of the Republic, which he refused. The new Ministry formed by General Carmona showed but few changes from its predecessor, the various offices being, according to *O Commercio do Porto* of July 10, distributed as follows: Premiership and Ministry of War, General Carmona; Ministry of the Interior, Dr. Ribeiro Castanho; Ministry of Marine, Commandant Jayme Afreixo; Ministry of Finance, General Sinel de Cordes; Ministry of Commerce, Lieut.-Col. Passos e Souza; Ministry of Justice, Dr. Manoel Rodrigues; Ministry of Foreign Affairs, Dr. Bettencourt Rodrigues; Ministry of the Colonies, Commandant Joao Bello; Ministry of Public Instruction, General Teixeira Botelho; Ministry of Agriculture, General Alves Pedrosa. The *coup d'état* caused little public excitement, and comparative tranquillity has since prevailed in the political world. The new Government promised on its assumption of power to carry out the revolutionary programme of the military movement in its entirety, that is, to give the country an efficient Government and to restore the national finances.

FINANCE

Revised Budget for 1926-27.—The revised estimates of revenue and expenditure for the financial year 1926–27 were published in the *Diario do Governo* of June 30 last. The figures were a revelation to the public as to the exact situation of the national finances. On January 15 the then Minister of Finance presented his Budget Bill to Parliament. This should have been passed and have come into force on July 1. As usual nothing was done. The estimates have since been more closely examined and revised; the difference between the present results and the original Bill is enormous.

A characteristic feature of Portuguese Budgets for many years has been the tendency to provide for too small a deficit. In practically every instance the final accounts for the year show a much heavier deficit than that contained in the Budget Bill. The estimated deficit for the financial year 1925–26 was, for instance, 63,565 contos; but the final accounts now made available show that the actual deficit was as much as 330,000 contos. The old policy was apparently followed when the estimates for the current financial year were being drawn up. The estimated deficit was quite modest, viz. 83,156 contos. The revision of the estimates has necessitated altering receipts from 1,314,377 contos to 1,289,032 contos, a difference of 25,345 contos. On the other hand, it was found that expenditure had been fixed at far too low a figure; the total figure has now been raised from 1,397,534 contos to 1,555,304 contos, an increase of 157,770 contos. In this way the deficit, according to the revised estimates, is brought up to over 266,000 contos. The Ministry of Finance has not been unduly pessimistic in drawing up the new accounts; it is probable, indeed, that the final accounts will again show a deficit in excess of that estimated in the Budget Bill.

The national expenditure is greatly in excess of what it should be, even when full allowance is made for expenditure on public works or other productive activities. Portugal's finances need to be subjected to a most thorough process of sanitation. There is plenty of room for retrenchment, for it is a notorious fact that much of the national expenditure is sheer waste. Most items of the Budget could be cut down; some might well be entirely expunged. To attempt to augment the receipts would be essaying something nearly impossible: the taxpayer is already burdened to breaking point. (*O Commercio do Porto*, July 10.)

The Bank of Portugal in 1925.—The dividend declared by the Bank of Portugal for 1925 was the same as for 1924, viz. 35 per cent. Though the net profit is slightly smaller, more business was done in bills discounted, the amount of which exceeded the year before by 5 per cent. The average life of these bills was 70 days. The deposits also increased. The silver metal reserve belonging to the Bank which was sold in 1924 has been replaced by gold securities and notes to the value of £340,000, including £90,000 in 5½ per cent. (1930) British Treasury bills. The Government's liability to the Bank is summarised as follows (in contos):—

	December 31, 1924.	December 31, 1925.
Loans under various contracts ...	1,325,005	1,325,005
Credito Agricola account	9,189	8,341
Various contracts	62	48
Advances under agreement of Dec. 29, 1922	349,774	349,577
Treasury bills, gold	1,920	420
,, ,, internal	10,000	—
Guaranteed credits	8,269	—
Total	1,699,015	1,649,334
Current account credit balance ...	2,603	17,029
Net total	1,696,412	1,632,305

During the year the Government redeemed Treasury bills held by the Bank to the value of £250,000, which sum is to be applied to the purchase of foreign securities, £30,000 worth of British Treasury bills having been already acquired. The amount of the Bank's notes in circulation on December 31, 1925, was 1,820,889 contos, or about £18,500,000, which is practically equivalent to the total sterling value of the currency of Portugal in 1914. These notes cover the two largest items in the Bank's account with the Government set out above, viz. "loans under various contracts" and "advances under agreement of December 29, 1922." The export values which have been deposited with the Government are received and accounted for by the Bank of Portugal. (*H.M. Consular Report of the Commercial, Financial and Economic Conditions of Portugal.*)

New Issue and Reduction of Discount Rate.—The exchange crisis that has prevailed in several European markets has had no repercussions in Lisbon. Steadiness has recently been an outstanding feature. By Ministerial decree the fiduciary circulation has been raised by 325 millions of escudos, almost at the same moment as the official discount rate was reduced from 9 per cent. to 8 per cent. The contract which the Government has signed with the Bank of Portugal provides for the following application of this inflation: Esc.100 mill. to make good the gap in the reserve caused by the reimbursement of the false notes (in connection with the Angola and Metropolitan Bank affair); Esc.100 mill. for exclusive bank operations, discounts and rediscounts, etc., guaranteed by gold values of the Bank; and Esc.125 mill. representing a new loan for the development of the Portuguese colonies, guaranteed by bonds of the public funded debt. This increase in the fiduciary circulation has not had any effect on the exchange operations at Lisbon. (*Moniteur des Intérêts Matériels*, August 24.)

Commenting on the above-mentioned increase in the fiduciary circulation and the reduction of the discount rate, *O Commercio do Porto* of July 31 last expresses the opinion that, in spite of the measures that have been taken and of the steadiness in the exchange market, business continues slack and the general situation is bad. The crisis is severe and extremely difficult to surmount, for the damage already done is enormous. Public confidence has been profoundly shaken and cannot so readily be restored. There are, however, favourable signs, and it can only be hoped that sincere efforts are at last being made to put the country's finances upon a sound basis.

The Bank of Angola.—By Government decree the Bank of Angola has been founded with a capital of 50 mill. metropolitan escudos, which capital may be raised to 60 millions within the next five years, and, after this period, to 100 millions. The initial capital of the Bank has been jointly subscribed in equal proportions by the Portuguese Government and the Banco Nacional Ultramarino. The new Bank enjoys the privilege of the issue of notes payable in currency in the province of Angola for the period of fifteen years, this privilege having been recently transferred from the Banco Nacional Ultramarino. (*Moniteur des Intérêts Matériels*, August 24.)

TRADE

The Commercial Situation.—For some time past business in Portugal has been quiet and, with the exception of a few commodities, the prospects of an immediate revival are not very bright. The effects of the coal stoppage in Great Britain are being keenly felt in the Portuguese market. Much American and Continental coal has been imported; but stocks have remained low and buyers would welcome the possibility of purchasing supplies again from Great Britain. Despite a certain activity in the trade with the African colonies, the textile branch has shown no improvement, buyers being careful not to stock beyond present requirements. The unsatisfactory results of the general harvest will lead to increased imports of cereals and foodstuffs within the next few months. Against this there seems little chance of exports being improved, except, perhaps, in the case of port wine, and then only if the coal dispute in Great Britain be brought to a speedy end.

The question of the huge adverse balance of trade has caused many misgivings in certain quarters. It has frequently been shown in the reports published from time to time in The Economic Review that imports into Portugal have for many years past been about double the value of exports from this country. The official Portuguese statistics of foreign trade in and since 1925 have not yet been made available; but from figures extracted from the official returns of other countries of their respective commercial exchanges with Portugal it is evident that there has been little if any improvement in Portugal's foreign trade balance. Actually, however, the situation is not so bad as it appears on paper. In the first place, it is generally accepted that there is an undervaluation of the goods exported. Often overlooked, too, is the fact that the large volumes of goods shipped from the Portuguese colonies direct to foreign countries are really to the credit of Lisbon houses. Furthermore, in normal times large sums are remitted home every year by Portuguese settlers in North, South and Central America.

The Portuguese Government is now fully awake to the commercial value of attracting tourists to the country from abroad. Both the authorities and the tourists' bureaux have been taking measures to facilitate travel to Portugal and to render a sojourn in the country more agreeable. Though this traffic is not an all-important factor of the commercial life of the country, the improvement in this direction will, it is expected, have a perceptibly beneficial effect upon the general situation.

Probably the greatest hindrances to the development of Portugal's trade are the heavy fiscal impositions. High protective tariffs, even on articles which are not produced in the country itself, tend to render it more difficult for numerous industries to expand and also maintain the high cost of living, thus diminishing the general purchasing power of the public. Foreign trade in particular is also badly affected by excessive taxation. The turnover and industrial taxes, not to mention the various municipal imposts and the supplementary taxes, are making it increasingly difficult for successful trading, and, at the same time, induce or compel home merchants to defer payments. This can only result in a diminution of confidence abroad. *O Commercio do Porto* has of late repeatedly emphasised the fact that commerce in Portugal cannot make any progress until this regrettable lack of confidence is removed, and that it cannot be removed while present conditions continue to prevail.

Prospects for British Trade.—The outlook for British trade in Portugal has improved owing, in the first place, to the recovery of the escudo, and, in the second place, to the fact that a reaction has begun in favour of British goods, states Mr. Stanley G. Irving, H.M. Commercial Secretary at Lisbon, in his latest Report. During the past few years a large number of orders have been placed in other countries on the grounds of cheapness, and buyers now find that they have really been getting a very poor quality of article as a result. This disillusionment has created a favourable atmosphere for British products, and whenever they compare at all in price they have a very good chance of being preferred. For some time past, however, traders have followed a cautious policy, and it is still necessary to exercise great care in selecting clients. Many firms who have continued working on the same currency capital as they had before the depreciation set in and have neglected to build up reserves in the good years after the war, now, in face of a reversal of the conditions to which they had become accustomed, find their position seriously weakened. The extent to which British exporters may hope to increase their trade with Portugal depends largely on the attention to authoritative advice regarding methods of business.

An increasing number of British firms are doing their best to ascertain conditions in this market and to cater for local wants; in general, however, there is scope for greater efficiency in the selling methods of British manufacturers. Competition is keen, and newcomers are particularly active in trying to realise their aim of capturing the market. A favourable feature of British trade is the tendency among British traders in several instances to combine, each of a number agreeing to take such part of a large contract as he can best carry out, in order to submit the minimum joint quotation while offering the maximum quality of goods. British exporters have also shown increased enterprise in giving credit. But there is still insufficient concentration on selling. It is no exaggeration to state that there is 100 per cent. margin for increased British trade in Portugal, if selling methods were developed to their maximum efficiency. A systematic study of the market, of the actual demand, of the potential demand and of competition is often neglected. A personal visit pays, especially in Latin countries; this policy is followed more by German than by British business men. As a rule, it is false economy to attempt to do business without a resident agent; not infrequently unsuitable agents are appointed to represent British firms. While advertising, as a selling factor, does not apply so strongly in Portugal, owing to the general illiteracy, as in other countries, much has yet to be made of it by the British manufacturer. Pictorial advertising might often be used with effect if actively followed up. It is the custom of German firms to send advertisements and catalogues direct through the post, or to distribute them through local agents to possible customers. A further point is that unnecessary trouble and expense are frequently caused to British exporters through omission to observe the Portuguese regulations regarding declarations of cargo and certificates of origin.

INDUSTRY

The Industrial Crisis and Efforts to Improve the Situation.—Portuguese industry is passing through one of the greatest and gravest crises of its history. Production has been rendered more and more difficult and consumption has steadily diminished. The export trade has gradually receded, partly on account of the general world crisis and also as a result of the bad state of affairs in the Portuguese colonies. During the present year the situation has not improved; some industries have remained in practically the same critical situation as in 1925, while the position of others is still worse than it was last year. The conditions in the textile industry are particularly unsatisfactory. In the cotton and woollen branches business has been growing worse for the past three years, and the crisis has now become particularly acute. The number of idle operatives thrown on the labour market has greatly increased, and many of the mills have been obliged to work on short time. The cotton industry has hitherto relied mainly upon shipments to Angola; but this market has now been invaded and captured by foreign competitors, who are also making steady advance even in Portugal. The Federation of Portuguese Industrial Societies has again made representations to the Government respecting the disastrous conditions at present prevailing and has urged the necessity of adopting immediate measures to alleviate the evil.

The present Government has apparently fully realised the gravity of this question and is determined to bring about some improvement, and, at the same time, to open up fresh horizons for Portuguese industry. The Commission appointed by the Ministry of Commerce and Communications to enquire into the situation has now presented to the Government the results of its studies. The report confirms recent unofficial statements as to the unsatisfactory situation in the Portuguese industrial world. It recommends among other items the creation of better credit facilities for industry, both by way of direct loans and guarantees; a reduction of some of the taxes imposed upon industry or the granting of temporary exemption from tributary payments; and the improvement of transport conditions. The Government has taken cognisance of these recommendations and will, it is expected, base certain measures upon them.

Considerable interest has been aroused in the Industrial Exhibition that is being held this month in the Palacio de Cristal Portuense. This enterprise has received hearty support from the various home industries; and although it is yet too early to speak of definite results, it is generally believed that at least a slight revival in industrial activities in Portugal will accrue from it. (*O Commercio do Porto*, July 14, August 5, 21, 27, Sept. 10.)

AGRICULTURE

General Harvest Report.—From advices that have come to hand from various districts during the past two months it is clear that the general harvest in Portugal this year is far from satisfactory. The wheat crop has fallen much below expectations and considerable quantities will have to be imported to meet the normal consumption for the ensuing year. The cereal crops in general are likewise proving unsatisfactory, while the yield of maize and beans is in no way better. Here again the quantities harvested will be insufficient to meet the annual home demand and the country will have to rely upon large volumes of imports. In most districts the potato crop is very poor and many of the growers are in a serious position.

The situation in the olive oil industry this season may be described as critical. The fruit yield has varied considerably in the different districts, but the general result is extremely unsatisfactory. Recent estimates of the olive oil production for the current season indicate that the volume of oil this year will be between 18 and 25 per cent. below the average annual production. These figures are alone sufficient to reveal the seriousness of the situation.

The cork growers, on the other hand, are expressing their satisfaction over the prospects of really good business. The cork strip has yielded abundant supplies, for which good prices are being obtained. When the final figures of the yield are made known it is probable that they will exceed those of the normal yearly production.

The continued hot weather in August was welcomed by the vintners. The grapes are reported to be free from disease and have ripened readily, so that the vintage will not be delayed. The total wine production will probably be equal to the average.

RUSSIA

POLITICAL AND GENERAL

Official Economic Statistics.—In a speech directed against the Opposition the leading Communist, Kirov, announced that the national funds of the Soviet Government had increased by 65 per cent. in the course of the last three years, while the corresponding increase in pre-war times amounted to only 3 per cent. per annum.

In 1923–24 a total of somewhat over seven million workers were employed, whereas in 1926–27 the number had increased to 10,300,000, which speaks volumes for the development of industry. Taking the status of agriculture and industry in 1923–24 as representing 100 per cent., agriculture had increased in 1925–26 by 150.9 per cent. and industry by 236.1 per cent. This was abundant justification of the general policy of the Communist Party. It would nevertheless be necessary to effect a further development in industry, for which an improved supply of means of production had become imperative.

As regards private capital, things were not nearly so black as the Opposition would like to paint them. It must be admitted that things were "more attractive and cheaper" as produced by private concerns, but the question must be handled as a whole. Dealing with it in this manner M. Kirov arrives at the following statistics: in 1923–24 90.7 per cent. of the total capital was placed in State industries, 4.1 per cent. in co-operative industries and 5.2 per cent. in private undertakings; in 1926–27 the corresponding ratios were 91.8 per cent., 4.1 per cent. and 4.1 per cent., that is to say that private capital is diminishing and socialisation is increasing.

Referring to the Opposition, M. Kirov admits that "something is brewing." There is no doubt, he says, that within the Communist Party there are members who harbour oppositionist tendencies. The party as a whole, however, was doing everything in its power to settle all vexed questions, and many members had already been persuaded to see the error of their ways, only a proportion of them holding fast to their position. Kirov cites an alleged "oppositionist document" which deals with the wage question and points out how much more the working man now pays in taxes and contributions than before the war. These levies on wages include contributions to party representatives, co-operatives, cultural organisations and various unions. In connection with this "demagogic attack" the complaint of A. Rothstein in the *Krassnaja Gaseta* (Sept. 21) concerning the number of working days now lost to production was mentioned. This complaint states that in the Petrograd textile industry alone 92,000 working days were lost in the one month of July. Of this total the Petrograd Textile Trust lost 2,400 working days through delegations in which workers were forced to take part. The number of legitimate absences from work (sickness, etc.) amounted to 6,500 working days, while irregular absences (drunkenness and the like) accounted for 18,200 working days lost to production. Herr Rothstein demands that workers shall be taken away from their duties as little as possible in view of the fact that the 10 per cent. increase in production required by the authorities must be effected without fail by the end of the year. (*Revaler Bote*, No. 218.)

TRADE

Foreign Trade Returns October to July.—According to the statistics now published by the Russian Trade Commissariat the total turnover of Russian foreign trade over the European frontier in the first ten months of the current economic year (Oct. 1, 1925, to July 31, 1926) amounted to R.1,064 mill., R.571 mill. of which was contributed by imports and R.493 mill. by exports. In the corresponding period of the previous year the total trade over the European frontier amounted to R.908 mill., imports representing R.522 mill. and exports R.386 mill. Russian foreign trade in the first ten months of the current year resulted, therefore, in a deficit of R.78 mill. as compared with one of R.136 mill. in the corresponding period of the previous year. Russia's foreign trade with Great Britain takes first place with imports valued at R.109.5 mill. and exports estimated at R.149.6 mill. Second place, which was taken last year by the United States, now falls to Germany with a total turnover of R.242.4 mill. The United States follows with R.109 mill. and France with 52.9 mill. Over the Asiatic frontier Russia's foreign trade in the ten months amounted to R.116.7 mill., imports amounting to R.63.1 mill. and exports to R.53.6 mill. Persia plays the most important part in Russia's foreign trade in this direction. The total turnover with this country amounted to R.59.3 mill. in the period mentioned, whereas foreign trade with China is estimated at only R.22 mill. and that with Japan at R.6.3 mill. (*Hamburger Fremdenblatt*, Sept. 23.)

Grain Exports during the Last Four Years.—Grain exports from Soviet Russia during the last four years are shown in the following table (in millions of poods), the grain exporting year being reckoned from July to July:—

	1922–23.	1923–24.	1924–25.	1925–26.
Rye	26.1	82.7	4.0	11.0
Wheat	1.0	25.5	0.5	45.0
Barley	4.3	18.7	4.3	49.1
Oats	1.5	8.5	0.1	1.2
Maize...	0.5	8.2	10.6	12.2
Beans	1.3	4.9	2.7	2.8
Cereals	1.3	3.3	0.8	1.9
Other grains ...	0.9	3.0	1.0	1.8
	36.9	164.8	24.0	125.0
Oil cake	6.5	13.8	19.6	22.4
Oil seeds	0.1	3.5	10.4	10.3
Total ...	43.5	182.1	54.0	157.7

The total grain exports from the Union of Soviet Socialist Republics have only reached 15.20 per cent. of the pre-war aggregate, and owing to the absence of big reserves in the country and to the larger quantity consumed by the peasants consequent upon the general improvement in their standard of living a bad harvest results in a far greater reduction of exports than was the case in pre-war days. Certain classes of grain exports, however, have increased; thus the export of oil cake is now 55 per cent. of the pre-war total, while the export of rye in 1923–24 was equal to pre-war. It is interesting to observe that, as in pre-war days so in 1925–26, the largest proportion of grain exports are accounted for by wheat and barley.

In 1922–23 grain was exported through only six ports, whereas nineteen ports now participate in the main export of grain and small quantities are also exported through three other ports. During the four years under review 386,500,000 poods were sent abroad by sea and 50,800,000 poods by rail. (*British–Russian Gazette and Trade Outlook*, Sept.)

Russian Oil in the World Market.—The endeavours of the now nationalised mineral oil industry to procure greater facilities for the sale of its products in the world market have recently assumed an added intensity. While Russia has for some time managed to penetrate successfully into the markets of the Levant and the Near East which lie close to her hand, and is holding her own in the positions gained against the powerful international oil concerns as shown incontrovertibly by the recently concluded treaty for a further delivery contract between the Turkish Petroleum Monopoly administration and the Russian Naphtha Syndicate in the face of the competition offered by the Standard Oil Company, Russian industry is simultaneously endeavouring energetically to secure a firm footing in European markets, particularly in Great Britain and Germany. Whether these endeavours will bear fruit depends, however, on the development of Russia's crude oil output, which so far is certainly very promising.

As regards the penetration of the Russian mineral oil industry into the British market, some eighteen months ago at the time of the Macdonald Government when a change occurred in the political attitude towards Soviet Russia, a Russian organisation entitled the Russian Oil Products Ltd. (Rop) was founded in England, the capital of which was taken up by Arcos Ltd. (Russian trade representation in London) and the Russian Naphtha Syndicate. This concern, which had for its object the direct and personal placing on the market of the products of the Russian Oil Industry, called for very strong financial backing, as the Russians were determined at all costs to enter into a competition war with the great oil concerns that were then all-powerful in England, the Anglo-Persian Oil Company, the Royal Dutch Shell group and the Anglo-American Oil Company, as well as the American Concern Standard Oil Company. The Russians sold at so-called "cost" prices, and thereby brought about a considerable drop in the prices prevailing in the English mineral oil market. In addition to the Russian Oil Products Limited which was founded in 1924, the Russian Naphtha Syndicate has established yet another concern, the Independent Oil Distributing Company, with a capital of £100,000. This new oil distributing undertaking in England concerns itself with the retail sale of "Rop" products in the five counties of Hampshire, Berkshire, Surrey, Kent and Sussex, and there are rumours of the establishment of a further Russian retail distributing company with a capital of £250,000, which is to occupy itself with the distribution of oil products in the remainder of the country, particularly in Scotland and Ireland.

The energetic penetration of the Russian Naphtha Syndicate into the German market has been recently witnessed by the establishment of the Russo-German Naphtha Company in Berlin (Derunapht), with a capital of Rmk.2 million, which is to be kept for the present entirely in the hands of the Russian Naphtha Syndicate and the Soviet Russian Trade Representative in Berlin. The new company began its activities on October 1 last, at which date the benzine delivery contract hitherto in force between the Russian Naphtha Syndicate and the Olex German Petroleum Sales Company, the distributing agency of the German Petroleum Company (Berlin), expired. The Derunapht holds the monopoly for the sale of Russian naphtha products not only in Germany but likewise in Austria, Hungary, Czechoslovakia, Sweden, Norway and Denmark. All stocks of the former representatives of the Naphtha Syndicate in Germany, which hold large stocks in Hamburg, Dusseldorf, Ludwigshafen and Antwerp, are being transferred to the Derunapht. It is intended to export into Germany from Russia not only naphtha products, but raw naphtha as well. The working up of the latter is to be entrusted to German works. A three years agreement to this effect was entered into on August 28 with the firm Julius Schindler and Company in Hamburg, in accordance with which 40,000 tons of special lubricating oil will be worked up yearly for the Russians from raw material supplied by them. This arrangement will be of incalculable value to the German oil producing works, for plentiful occupation will thereby be provided for the distilleries and refineries for a long time to come. The way has already been paved for the German sales interests of the Russian Naphtha Syndicate, which now takes definite form. In 1924 this syndicate concluded two contracts for 50,000 tons of benzine and 40,000 tons of lubricating oil, both of which expired on September 30, 1925, that for the 50,000 tons of benzine being renewed till September 30, 1926. The Russian Naphtha Syndicate took up the lubricating oil business personally early in 1926.

The sale of Russian naphtha products by the newly formed company will take place partly through wholesale dealers and partly direct to the consumers. It is likely, to judge by events in England, that the German market may suffer from a price war. Russian lubricating oils are of excellent quality and will be the more willingly accepted by consumers as their price is likely to be more moderate than that of the relatively less pure American products. The development on the German mineral oil market, therefore, may be watched with interest as from October 1. (*Hamburger Fremdenblatt*, No. 243.)

AGRICULTURE

The Grain Harvest.—As is generally the case, the grain-collecting campaign was considerably more intense in August than in July, the quantity collected increasing week by week. A total of 7,400,000 ctrs. was collected, as compared with 2,100,000 in the previous month. However, owing to the fact that the gathering in of the harvest was later than usual and coincided with the autumn sowing season, the grain offered by the farmers was not as plentiful as it would otherwise have been, and consequently the amount of grain collected was 7.5 per cent. instead of the estimated 9 per cent. of the total year's collection.

The most satisfactory feature of the harvest during August was the stability of prices, which was maintained throughout the month, and may be chiefly attributed to improved organisation. Thus barley remained at the same price from beginning to end, viz. 50 kopecks per pood, as also did maize at 48 kopecks per pood, while rye and wheat rose by only 3 kopecks per pood. In the more important grain harvesting regions the price was even less. Thus in the Ukraine, which this year supplied nearly 47 per cent. of the total harvest, the price of wheat only rose 1 kopeck in the middle of the month and then fell again to its original price of R.1.10.

The proportion of wheat collected this year during August was 69.8 per cent. of the total grain got in, as compared with 34.8 per cent. in August 1925. Rye accounted for 15.3 per cent., as compared with 36.2 per cent. last year.

During the first half of September grain collections have proceeded very satisfactorily, the total amassed up to September 10 over the whole of the Union of Soviet Socialist Republics being 14,228,450 ctrs. of all kinds, 8,418,390 ctrs. being accounted for by the R.S.F.S.R. and 5,766,800 ctrs. by the Ukraine. The supply of grain to the consuming regions is improving considerably and the price of flour in the industrial centres has fallen. Representatives of German firms controlling grain exported from Russia recently declared that the quality of this season's grain is better than last year's. Not a single consignment of grain for export has been rejected by the controlling agencies. Indeed the peasants' grain now being collected is of higher quality than pre-war owing to the fact that the villages are now for the most part being supplied with properly assorted pare seeds.

According to the latest report of the Soviet Commissariat for Trade grain collections during the agricultural year June 30, 1925, to July 1, 1926, were as follows (in millions of poods):—

Wheat	226.7
Rye	111.1
Barley	65.3
Oats	40.0
Oil cultures	68.7
Maize...	26.0
Other cultures	40.8
Total	579.5

In 1924-25 the total amount of grain collected was 313,699,000 poods. The amounts collected in the various regions were as follows (in poods):—

	1924-25.	1925-26.
Ukraine...	67,100,000	168,500,000
Northern Caucasus ...	50,100,000	162,300,000
Producing region ...	79,300,000	139,600,000
Urals	39,400,000	26,200,000
Siberia	40,200,000	37,700,000
Cazakstan	13,100,000	26,300,000
Crimea	3,200,000	11,400,000
White Russia	4,100,000	2,400,000

Most of the grain was collected by the Khlebprofukt (204.6 million poods); next came the State Bank (105.8 million poods). The Centrosoyus collected 58.2 million poods. (*British-Russian Gazette and Trade Outlook*, Sept. 1926.)

THE ECONOMIST'S BOOKSHELF.

THE SCOURGE OF EUROPE.

The Scourge of Europe: the Public Debt Described, Explained, and Historically Depicted. By L. V. Birck, Dr.Sc.Pol., Professor of Economics at the University of Copenhagen. (London: George Routledge & Sons, Ltd. Price, 10s. 6d. net.)

Dr. L. V. Birck approaches this subject of the National Debts of Europe from the descriptive and analytical, and lastly from the historical point of view. The plan of the work is an analytical examination of the main principles surrounding the accumulation of public debts and a description of the various and diverse methods by which public debt can be contracted, converted and redeemed, followed by a brief history of European debts and their causes. This method is workable enough provided the introductory paragraphs are written in a style that will maintain interest. Unfortunately the English translation of Dr. Birck's work does not read attractively. Often the expression lacks clearness and conciseness. The different kinds of simple operations could have been described in more happy phraseology.

The first hundred pages contain a general description of prevailing operations. Often a brief account of their earlier counterparts throws light on methods now in use. These transactions and the circumstances which give them birth are portrayed with accuracy. This ground has been covered in various ways by numerous earlier publicists.

The effects of changes in monetary values on the burden of the national debt have been examined at considerable length, but not with particular acumen. This question can be looked upon from the point of view of law, equity or economics.

The legal obligations in this respect will no doubt vary in the different States. Governments, unless they become "bankrupt" by violating their covenants, would be bound to shoulder all the obligations which they assume at the time of such issues. A contract between an individual and the State should be as enforceable and as sacrosanct as any other form of contract. It must be remembered at all times that modern Western States accept the responsibility of providing the community with a medium of exchange and a standard of value, and that to tamper with the medium of exchange so as to distort the values which it measures might well be criminal in effect. Responsible statesmen or officials could no doubt plead *salus populi*, or something similarly ingenious. In any case their arraignment has not been seriously considered.

From the equitable point of view numerous other classes of transactions are in the same boat as loans from individuals to governments. To compensate one class of investor for his losses and to leave another high and dry would produce more inequality and injustice than to make no attempt to review post transactions. From the point of view of practical economics it is useless for a State endeavouring to disburden itself of a fluctuating paper currency to stop to consider the havoc which the printing press has left in its train.

The historical section of the work commences at the time when monarchs pledged their Crown jewels and concludes with the present impasse, when international indebtedness can be mentioned only in the most polite language.

The intervening period is strewn with infamous schemes, short cuts and defaults. Mankind's knowledge of public debt was accumulated in vain. When Europe was faced with the abnormal expenditure of a great war the old device of the printing press was unloosed even in that city which boasted its financial leadership. Whatever may be said of their activities in other spheres it has long been abundantly clear that European Statesmen were incapable of envisaging the consequences of the lackadaisical measures by which funds were raised to meet war expenditure. It is a commonplace that Europe has paid and continues to pay a colossal price for this incompetence.

The author maintains that the best way out is the capital levy. It seems to the reviewer that this is a drastic medicine which should only be administered when the temperature and condition of the patient are peculiarly favourable. When the depreciation of a paper currency has reached such a stage that industry is in a state of fictitious prosperity, supported by private extravagance on a scale that cannot endure, a capital levy may bring in a rich harvest and do no more injury than anticipate an inevitable crisis or period of depression. A levy in Great Britain in 1919-20 would probably have strengthened our industrial position. The actual levy in Czechoslovakia left on balance a beneficial effect in its train.

The general principle underlying the capital levy cannot be discussed here, but we consider that the author has been too hasty in prescribing the same medicine for all his patients. The state of industry, national character or prejudices, and numerous other factors should be taken into consideration.

The national debts of Europe are undoubtedly a great bar to progress. Tariff barriers and national enmities are their only serious rivals in this respect. The author has done a service by emphasising the difficulties which unsound finance has created. Readers will appreciate that he has refrained from platitudinous moralising. The book contains much valuable information and many well balanced and shrewd opinions. Much of the matter is contentious, but the author reaches his conclusions by fair and comprehensive reasoning. The expression throughout is somewhat colourless. As a consequence much excellent matter will be lost to all but the diligent student.

D. M. Sandral.

PUBLICATIONS RECEIVED.

Die Wirtschaftskurve mit Indexzahlen der Frankfurter Zeitung. With the assistance of Ernst Kahn. Part 3, 1926. (Frankfort-on-the-Main: Frankfurter Societats-Druckerei G.m.b.H. Price, Mk.3; annual subscription, Mk.8.80.)

George Unwin: a Memorial Lecture. By G. W. Daniels, M.A., M.Com., Professor of Commerce and Administration in the University of Manchester. (Manchester: The University Press. —London: Longmans, Green & Co. Ltd. Price, 2s. 6d. net.)

STATISTICAL SECTION

THE TRADE BAROMETER

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

1. Pig iron.
2. Tin.
3. Coal.
4. Linseed Oil.
5. Cotton.
6. Wool.
7. Hides.
8. Wheat.
9. Bacon.
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 Commodities.	Bd. of Tde. Monthly Average.
1920.		
Jan. 16	367.9	296.6
May 14	391.2	325.5
July 16	418.8	316.9
Dec. 17	257.0	263.8
1921.		
Jan. 14	244.2	245.9
Apr. 15	202.8	204.8
July 15	194.4	194.1
Oct. 14	170.2	180.7
Dec. 16	153.2	167.9
Dec. 30	150.0	
1922.		
Jan. 20	144.0	164.0
May 19	162.1	160.6
July 14	165.1	160.3
Sept. 15	161.2	154.3
Dec. 15	161.2	155.8

Date.	10 Commodities.	Bd. of Tde. Monthly Average.
1923.		
Apr. 20	198.5	162.0
July 20	177.3	156.5
Oct. 19	166.0	158.1
1924.		
Jan. 18	178.6	165.4
Feb. 15	187.9	167.0
Mar. 14	182.1	165.4
Apr. 18	177.5	164.7
May 16	171.2	163.7
June 20	167.8	162.6
July 18	167.1	162.6
Aug. 15	175.3	165.2
Sept. 19	167.9	166.9
Oct. 17	172.5	170.2
Nov. 14	173.3	169.8
Dec. 12	171.7	170.1

Date.	10 Commodities.	Bd. of Tde. Monthly Average.
1925.		
Jan. 16	174.8	171.0
Feb. 13	175.2	168.9
Mar. 13	172.8	166.3
April 17	161.9	162.5
May 15	158.7	159.0
June 19	160.6	157.6
July 17	160.3	157.5
Aug. 14	158.6	157.0
Sept. 18	158.3	155.1
Oct. 16	154.1	154.8
Nov. 13	153.2	153.7
Dec. 18	153.0	153.2
1926.		
Jan. 15	151.6	151.3
Feb. 12	148.4	148.8
Mar. 12	146.1	144.4

Date.	10 Commodities.	Bd. of Tde. Monthly Average.
April 16	148.1	143.6
May 21	150.2	144.9
June 18	151.7	146.5
July 16	153.9	148.7
Aug. 20	155.8	149.1
„ 27	154.7	
Sept. 3	154.8	
„ 10	151.5	
„ 17	152.6	150.9
„ 24	151.5	
Oct. 1	150.9	
„ 8	151.5	
„ 15	151.2	

TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921.	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
1925.												1925.
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926.												1926.
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	... Mar. 26
June 18 ...	73.6	163.6	60.4†	121.1	83.5	109.4	89.9	127.3	105.1	77.6	101.15	... June 18
Aug. 6 ...	77.8	176.5	60.4†	127.2	88.2	103.1	97.1	136.8	98.5	78.8	104.44	... Aug. 6
Oct. 8 ...	92.7	189.0	60.4†	107.0	64.9	106.2	102.9	105.1	93.8	88.2	101.02	... Oct. 8
„ 15 ...	94.3	189.5	60.4†	106.1	63.1	106.2	102.9	105.9	91.6	88.2	100.82	... „ 15

† 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	Industrials.	Bonds.*	Industrials.	Gilt edged.	Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7	**1925,** Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0	116.3	88.6	„ 17	151.8	101.9	**137.8**	117.5
Aug. 20	*80.3*	90.4	105.4	93.3	June 6	158.2	**105.3**	128.0	115.3
Oct. 29	91.1	92.0	*91.1*	94.4	„ 27	160.0	104.7	123.7	*113.0*
1922, Jan. 1	100.0	100.0	100.0	100.0	July 18	165.9	103.2	*120.4*	115.5
May 13	114.6	102.4	114.9	**117.9**	Aug. 1	165.8	*101.5*	122.2	115.7
Sept. 16	123.8	**107.6**	115.2	112.5	„ 22	176.2	102.5	126.3	**117.3**
Oct. 7	123.9	106.1	113.3	*111.7*	Dec. 19	188.9	103.3	130.6	112.8
1923, Jan. 1	121.7	102.5	119.5	113.3	**1926,** Jan. 2	195.5	103.6	133.3	113.0
Mar. 17	**129.2**	98.5	129.3	117.0	„ 9	196.1	103.6	**135.1**	113.1
„ 24	127.3	*97.8*	129.0	118.1	Feb. 13	**199.9**	104.9	132.0	114.8
Apr. 28	124.1	99.3	**137.9**	122.8	Apr. 17	*168.7*	106.9	121.8	113.3
June 9	119.7	100.8	130.6	**123.5**	May 1	176.8	**107.6**	122.6	114.7
Oct. 27	*105.7*	99.7	126.5	119.7	„ 8	172.9	107.2	*119.5*	112.5
1924, Jan. 1	117.4	98.4	121.3	114.5	Aug. 14	**05.5**	106.3	123.9	113.5
„ 19	119.1	100.1	119.1	*112.2*	Oct. 2	196.8	106.5	127.6	111.8
June 21	115.3	103.3	*118.2*	118.0	„ 9	186.4	106.5	127.9	111.6
Nov. 8	130.1	103.7	**133.7**	**120.4**	„ 16	181.1	106.6	127.5	111.6

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

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