

THE ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS
AND
A JOURNAL OF POLITICAL ECONOMY

[REGISTERED AT THE G.P.O. AS A NEWSPAPER.]

VOL. XIV. No. 18.

OCTOBER 29, 1926.

PRICE 1s. WEEKLY

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EDITORIAL, SUBSCRIPTION AND
ADVERTISING OFFICES—

Metron, Istituto di Statistica,
R. Università, Padua (Italy).

London Agents: P. S. KING & SON, Ltd.,
Orchard House, Westminster, S.W.1.

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THE ECONOMIC REVIEW.

Editorial Offices :

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Telephone : Gerrard 1396.

Subscription Rates (Post free, home or abroad)

1 YEAR - £2 : 12 : 6
 6 MONTHS - £1 : 7 : 6

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COMMENTS

THE subscription lists for the issue in London of the Belgian Stabilisation Loan were opened last Wednesday morning, and closed very largely over-subscribed very shortly afterwards. There was a keen interest shown in the loan and its immediate success was a foregone conclusion. The amount of the issue was £7,250,000, in Seven per cent. Sterling Bonds. They were offered at the price of 94, giving a flat yield of £7 8s. 11d. per cent., and a redemption yield, assuming repayment at par on November 1, 1926, of £7 10s. 1d. In comparison with other recent foreign loans the terms offered in this case were distinctly attractive. The total amount of the Belgian stabilisation loan is the equivalent of 100,000,000 dollars. The sterling portion being £8,500,000, of which £1,250,000 was reserved for issue in Amsterdam. Fifty million dollars are being issued in the United States, Fr.32,000,000 in Switzerland, and Kr.9,000,000 in Sweden. The terms of issue are the same in all countries. Both the principal and interest are the direct obligation of the Belgian Government, and will be exempted from all Belgian taxes, present and future. The first operation of the sinking fund will become effective in respect of the year ending November 1, 1928. The proceeds of the new loan will be paid directly to the National Bank of Belgium in reduction of the Government's debt to the Bank. These funds will be devoted to the stabilisation of the currency, which is now placed upon a gold basis. The Bank has been given powers necessary to ensure the success of the monetary policy, and dealings began last Tuesday in the Foreign Exchange market in the new unit of currency, the belga. The new loan is not specifically secured, but if any other loan is given specific security the bonds of the Stabilisation Loan will share rateably any such lien as may be conceded.

THE *Berliner Handels-Gesellschaft* in its weekly report points out that in view of the uninterrupted bullish movement of the stock market in Germany recent developments on the German Money Market are being followed with more than usual interest. Although it is true that both quarter-end and mid-month settlements were carried through without much trouble, the underlying conditions of the market are not such as to create a feeling of confidence. The fact that for some time past an extraordinary easiness is felt in the earlier weeks of the month to be followed by a considerable stiffening of rates towards the end of the month seems to point to a lack of equilibrium. Furthermore, this is evidenced by the rather heavy fluctuations in the rates for short-term loans. These reveal variations of from 3 to 7 per cent. On the other hand, conditions for long-term investments have not changed noticeably. Industrial borrowings have not been urgent all the time, and the resources at the command of the principal credit institutions have to a larger extent been invested in contangoes and loans granted to clients against bonds and shares. This was borne out clearly in the recent bi-monthly statistics of the German credit banks. In regard to the larger Berlin banks only, this item amounted to Rmk.470 million at the end of August as against Rmk.312 million at the end of June last, and

Rmk.82 million twelve months ago. A further increase has probably taken place during the period intervening since the end of August. The investments of the banks in listed securities have likewise increased, although to a less pronounced extent. They are valued at Rmk.79 million as compared with Rmk.67 million at the end of the half-year. According to the figures published by the Reichsbank for the end of September its loans against stocks amounted to Rmk.134.7 million, which is 47 million more than at the end of July. If, in spite of this indebtedness and the growth of seasonal requirements the supply of funds continues to be plentiful, the cause must be looked for in the unabated inflow of the proceeds of German loans raised abroad. The situation is, therefore, somewhat artificial. This contention is also demonstrated by the fact that in the discount market the private discount rate is now on the same level with fine London bank bills. Such a development does not appear to be borne out by actual economic conditions in Germany, and it will most probably be reversed as soon as the liquid means now available on the money market are diverted into normal channels.

THE present circulation of money indicates another interesting feature. In August 1925 the volume of currency circulating within Germany had reached the five milliard limit. Until the spring of this year the total circulation had fluctuated within but narrow limits. Commencing with the month of June, however, a slow but uninterrupted expansion could be observed, although the Reichsbank's holdings of commercial paper remained practically stable. This upward trend corresponds, by the way, to pre-war experience, which shows an increase in circulation during the summer and autumn months, due of course to seasonal business activities. The total turnover of goods has undoubtedly increased steadily of late, but the velocity of circulation does not seem to be much, if any, larger than in former periods. It would, however, be premature if one were to argue that the volume of currency in circulation was to any appreciable extent caused by Germany's foreign indebtedness. Nevertheless, it has been suggested that the influence of new loans on the money market will have to be watched more closely in the future. The question as to how far the slight rise in the prices of commodities is a consequence of the above-described currency movement cannot be answered for the present, since the advance of German wholesale prices is of very recent date. This upward tendency has set in after a long downward movement, and reflects price declines in other countries. The wholesale index number published by the Reich Statistical Office for the second week in October was 128.6 as compared with an average of 126.8 for September and an average of 127 for August. These figures will be found to remain well behind the world market level as expressed in British and American indexes.

PUBLIC opinion in the Territory of the Saar is interesting itself in the discussion of plans for a new canal which, if adopted, will link up the country with that of the Rhine. On most sides it is considered that the canal

would prove extremely valuable, as the Saar, compared with other industrial areas in Germany, is very badly served as regards its waterways; further, it is hoped that with such aid it will be possible to capture again the former markets in southern Germany. These, or most of them, have been lost to the Saar since the Territory was included in the French Customs zone. Industrial circles throughout Germany are keenly interested in the project, and most of the political parties are reputed to regard it with favour. Certain negotiations, we learn, are proceeding between the German Government and those regional governments through whose territory the proposed canal would flow, and a favourable decision is expected to be reached within the course of the next few days, when the results will be made known. In another direction the Governing Commission of the Saar Territory has been active. It has decided to send a delegation to Berlin to conduct negotiations with the German Government for the inclusion of the Saar in the German flying area. The conclusion of the Air Treaty between France and Germany has removed the majority of the difficulties in the way, and the solution of the remaining points at issue rests solely between the two governments.

THE political situation in Austria has led to the resignation of Dr. Ramek's Cabinet and has brought Dr. Seipel back to power. Dr. Seipel will be chiefly remembered in Austrian history as the man who succeeded in obtaining the League of Nations Loan and who did so much for the restoration of a sane currency. He is a universally respected and adroit politician who possesses to a very high degree the capacity of bridging over political differences and difficulties. In spite of this, however, the possibility of an early dissolution must be reckoned with. The political situation remaining so uncertain it can easily be understood that the Bourse has been greatly affected and that the process of general economic recovery has been somewhat checked. There are also other reasons for the weakness of the Bourse. Although there is as yet nothing that could in any way be considered alarming on the money market, there are certain indications that money is becoming tighter. The private discount rate remains $6\frac{1}{2}$ per cent., but there can be no doubt that the moment an alteration occurs in the Bank of England rate the effects of dearer money will be strongly felt in Austria. As to the Bankers' Manifesto, which suggests as a remedy for an economically sick Europe the abolition of tariff walls, it has made curiously little impression in Vienna. No country has suffered more from the consequences of their neighbours' tariff policies than Austria, and no country would welcome a change in this respect more than Austria. But apparently she is lacking the belief that Reason will win the day.

MR. JOHN E. COWEN, in his presidential address at the fifteenth annual conference of the British Commercial Gas Association in Newcastle, declared that our present labour systems did not permit of the best service, because they encouraged too much of every kind of waste. We maintained, he said, the most incompetent on the same level of pay as the most intelligent, and the latter were discouraged from earning what they could and so bettering their positions. The Socialist's remedy of the nationalisation of the means of production, distribution and supply, Mr. Cowen asserted, was no remedy. To prove this one only needed to look at the results of the various experiments that had been tried in various parts of the world. It should be recognised by all classes that the break-up of the existing order of things will not bring the millennium; that the existing foundations and constitution of society are sure and solid, and that what we have to do is to improve the structure raised upon those foundations. At no time was it more necessary to stop to think and to review our position both as employers and employed. Both sides should get down to facts and realities and endeavour with goodwill to bring this country back to prosperity, for the general

prosperity of the nation is the only true source of prosperity for all classes of the population. Mr. Cowen insisted that he was not advocating reduced rates of pay, but more output for the wages paid. It does not follow that the men employed in manufacturing the article containing the lowest labour cost per unit are the men with the lowest weekly wage. It depends, said Mr. Cowen, entirely upon the amount of work done at the particular rate of pay. The greater the quantity of work performed, the higher the wage that can be paid. The real cause of the prosperity of the United States was the greater output per man; this had reduced costs and increased demand. It had been largely brought about by the application of the system of payment by results. Such a plan as this was what Mr. Cowen advocated for this country.

SPEAKING in London last Tuesday on the growth of the tendency towards amalgamation among manufacturers, Mr. Herbert W. Jordan made a plea for some modification of the incidence of Stamp Duties. He pointed out that the proposed chemical fusion was probably a forerunner of other industrial mergers likely to be effected in the not distant future. A large section of the public regarded all combines with suspicion, but they might serve a useful purpose in safeguarding home industries, and they were essential to the life of certain industries. Any legislation on narrow lines was to be deprecated, he maintained, for attempts to suppress the creation of combines would inevitably be harmful in their effects. In fact, the heavy exactions in the shape of Stamp Duties now made should be removed, as they often proved a serious hindrance to reorganisations, and the amount of revenue yielded in no way compensated for the harmful effects upon industry. The general concern about the future of the mining industry led Parliament to pass an Act to facilitate colliery amalgamations, and to provide expressly that no stamp duty was to be payable in respect of any amalgamation effected under the Mining Industries Act. Industries struggling against foreign competition or adverse conditions were no less deserving of consideration. It would be an enlightened policy, maintained Mr. Jordan, to reduce the present oppressive duty on the capital of new companies and other stamp duties. On the proposed capital of £38,000,000 the new chemical combine would be mulcted on registration in the sum of no less than £380,052, and the transfer of the assets of the existing undertakings or their issued capital would involve the payment of further burdensome duties. It was to be hoped that effect would be given to the bulk of the recommendations of the valuable report of the Company Law Amendment Committee, and in particular that their opinion that the present taxation imposed an "unjustifiable burden on industry" would be borne in mind.

UNDER the auspices of the Old Colony Club a club dinner was held recently at the Club House, Aldwych, and the principal guest of the evening was Lord Beaverbrook. His lordship made an inspiring speech about the future of the Empire, and in the course of it attacked bitterly those who are pessimists in regard to British industry and trade. In no uncertain tones Lord Beaverbrook voiced a strong belief in the resources of this country and the Empire, and insisted that they were formidable enough to cope with all our present and future difficulties. We learn from the Old Colony Club that they have arranged a series of such monthly dinners at their Club House in Aldwych, and gentlemen prominent in the world of commerce, journalism and economics have accepted invitations to be present and to give short addresses. The Old Colony Club consists of a chain of some fifty clubs in most of the principal cities of Europe and America, and a member of one becomes automatically a member of them all. It is open to the heads of business houses, professional men, etc., and is undoubtedly a factor making towards the furtherance of international goodwill in business relationships.

SPECIAL ARTICLES

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

THE SHORTAGE OF GOLD.*

By Professor GUSTAV CASSEL.

The problem of restoring a stable monetary system in the world after the upheavals of the war cannot be solved merely by a return to the gold standard. It is also necessary to secure stability of value for gold itself. This aspect of the problem assumed primary importance from the outset. During the war and the years immediately following, gold itself had fluctuated in value to such a degree that people were brought to realise that greater stability in the value of gold was an indispensable condition for enabling the world at large to establish anything like a satisfactory monetary system on a gold basis.

In the popular mind a superfluity of gold, with a consequent fall in the value of gold and a rise in the general level of prices, was the only contingency that needed to be taken into serious consideration. We recollect how apprehensions of this nature induced the Swedish powers of State, on Sweden's reversion to a gold standard, to take precautions to stop an undesirable influx of gold.

In England, where the currency at that time was still considerably below the gold parity, a fall in the value of gold was expected and was regarded as a favourable circumstance which would enable Great Britain to return to a gold standard without discomfort.

In opposition to such views, I have repeatedly contended that the real danger, at any rate in the long run, is an increasing *shortage* of gold and a consequent continuous fall in commodity prices, which would be disastrous for the economy of the world. It has now become manifest that it is necessary to pay serious attention to this danger.

The ultimate reason why we must reckon with an increasing shortage of gold is of quite a general nature, being connected with the tendency towards perpetual economic progress. If we could reckon with absolutely stable conditions, an annual accretion of new gold would not be necessary except so far as was required by the wearing of gold coin and other actual losses of gold. But, as the economic system of the world is perpetually developing, stability in the value of gold demands that the aggregate amount of gold in the world shall increase at the same pace. During the period 1850 to 1910 the aggregate amount of gold in the world increased on an average by 2.8 per cent. a year, and it has been found that this increase was necessary in order to keep pace with the general economic progress of the world.† This accretion, which entailed an increase in the total amount of gold in the world from 10 milliard gold marks in 1850 to 52 milliard gold marks in 1910, did not result in any fall in the value of gold, as the general level of prices at the end of the period was quite the same as at the beginning of the period. Assuming that the world's economic development, as measured by the increase in the requirement of gold, will proceed at the same pace also in the future, it will still be necessary, in order that the level of prices may remain unchanged, that the total amount of gold in the world shall increase by 2.8 per cent. a year. As the actual loss of gold is 0.2 per cent. a year, the annual output of gold must be brought up to 3 per cent. of the total amount of gold at the beginning of each year. Now, as this amount of gold is continually growing, the future output is bound to become inadequate, assuming that it remains constant.

During the years immediately preceding the war the output of gold was abundant and amounted to con-

siderably more than 3 per cent. of the total quantity of gold. During the war, however, the output decreased and in 1922 had fallen to the minimum figure of 1,338 million gold marks, which did not represent more than 1.92 per cent. of the total amount of gold. The output subsequently increased, being 1,630 million gold marks for 1924. But the total amount of gold at the beginning of that year was 72.5 milliard gold marks, and thus the output did not come up to more than 2.25 per cent. of that total. The output of gold for 1925 was, absolutely speaking, somewhat larger, but in percentage of the total amount of gold at the beginning of the year it was practically the same as in 1924. At the end of 1925 the aggregate amount of gold was 75.5 milliard gold marks. Thus within a couple of years it will be more than half as much again as in 1910, so that the output of gold, to be sufficient, would have to be 50 per cent. larger than that required in 1910. It is evident that for the immediate future we must reckon with an output of gold which is barely more than 2 per cent. of the total existing amount of gold. When the total amount of gold, let us say in 15 years, reaches 100 milliard gold marks, normal progress will require an output of gold of 3 milliard gold marks a year. With the reserves now known we shall scarcely be able to cover more than half of that amount. Naturally there is always the possibility of new discoveries of gold. It is also conceivable that the rate of increase of the population and economic progress may slow down to such an extent that the present output of gold will suffice. But the economist's view of the problem must obviously be based on known conditions.

That the menacing shortage of gold did not attract general attention after the end of the war—the prevalent notion being, on the contrary, that we had a superfluity of gold—was due to the fact that the requirement of gold for monetary purposes in Europe had substantially decreased during the period of paper currency. During that period the bulk of the gold which was superfluous at the time found its way to the United States, which country was thus confronted with an abnormal abundance of gold. The consequence of this temporary superfluity of gold should have been the lowering of the purchasing value of the dollar. But the United States, since the process of deflation in 1920, has deliberately pursued the policy of not allowing the temporary superfluity of gold to exercise any influence on the level of prices. The gold has therefore either been stored in the vaults of the Federal Reserve banks, which have thus been enabled to show a very high percentage of gold cover, or else it has been put into circulation, chiefly in the form of gold certificates. By dint of these measures the United States has succeeded in keeping her price-level remarkably constant, and this has had the effect of keeping the value of gold correspondingly stable throughout the world. The gold reserves accumulated in the United States over and beyond normal requirements are, however, by no means so large as people in Europe are apt to believe. In the United States the view is gaining ground that the country itself will require the gold that has been collected, and that there will not be so very much to spare for the rest of the world. This cautiousness, however, sometimes seems to be rather overdone, as the United States for several years ahead will undoubtedly be able to draw on her superfluity of gold in order to make up any deficit in the really urgent requirements of gold in the rest of the world.

It is of the utmost importance, however, that the world in general should restrict its demands for gold as far as possible. A reduction of monetary requirements will obviously have to be considered in the first place. These can be curtailed very considerably, both by refrain-

* Reproduced from the Quarterly Report issued by the Statistical Department of the Skandinaviska Kreditaktiebolag.

† "Theory of Social Economy." (London: Fisher Unwin, 1923.)

ing from the actual circulation of gold coin, and by getting the central banks to cut down their demands for gold cover. In the first-mentioned regard England's return to a gold standard without reintroducing the circulation of gold coin is highly commendable, and the new British currency must be regarded as a model for the gold currencies of the future. It is most desirable that other countries should follow the example set by Great Britain in this respect, for the world positively cannot afford the luxury of the circulation of gold coin. As a means of limiting the gold requirements of the central banks, the Financial Conference at Genoa in 1922 recommended an international centralisation of the gold reserves. Unfortunately we have not as yet gone very far in this direction, and at present, when the restoration of the gold standard in a number of countries is being contemplated, it is of the greatest importance that those countries should not make unnecessary demands on the gold reserves, but should content themselves with holdings in the two big gold centres of the world, New York and London. Much enlightenment is evidently still required before the nations can be induced to abandon their old superstitious belief in the importance of accumulating piles of gold in the vaults of the national bank. Reconstruction in general would be greatly facilitated if the necessity of concentrating gold in the two world centres were more widely understood.

Indian monetary policy is a factor of very special importance for the world supply of gold. Had India, as was contemplated, adopted a gold currency in the old style with gold coin in circulation, a new demand for gold would have been created, which would have increased the world shortage of gold in an alarming degree, and would practically have frustrated the policy which aims at restricting the requirements of gold. The risk was so much the greater as the creation of new big demands for gold would in all probability have intensified the eagerness of various countries to guard their accumulated gold reserves and, if possible, to increase them. From that point of view the recently terminated labours of the Indian Currency Commission have been of the very greatest interest. For my part, in submitting my evidence to the Commission, I strongly emphasised the importance, in the interest of the world in general and of India herself in particular, of obviating the creation of a quite unnecessary demand for gold. I also endeavoured to make it clear that the Indian currency could very well be maintained at a stable parity with gold and thus in all respects do the same service as a gold standard in the traditional style, without having recourse to such an extremely revolutionary measure as that of exchanging India's silver currency for a currency of gold in circulation. The Commission in essentials has adopted the same point of view, and the Indian Government has substantially accepted the Commission's recommendations. The Commission state that they have been "convinced that it would be most imprudent not to take into account the possibility, indeed the probability, that unless great economy is exercised in the use of gold, both in regard to its use as a commodity and its use as money, we have to look forward to a prolonged period of steadily falling commodity prices throughout the world." The Commission further point out that "a large extra demand from India would cause increased competition for gold among the countries of the world and lead to a substantial fall in gold prices and a substantial curtailment of credit." On the basis of authoritative information from the United States, the Commission come to the conclusion that the surplus of free gold in that country is no larger than will be required for the reconstruction of the monetary system of other countries, as well as for the growing requirements of the United States herself, and thus that the said surplus will probably be absorbed in a comparatively short space of time. The essence of the Commission's proposal is that the ordinary medium of circulation in India should remain

as at present the currency note and the silver rupee, and that the stability of the currency in terms of gold should be secured by making the currency directly convertible into gold for all purposes, but that gold should not circulate as money. The Commission propose that the projected Indian central bank shall be placed under obligation to buy and sell gold in bullion, in quantities of not less than 400 ounces of fine gold, and the Commission rightly point out that this "gold bullion standard" is a real gold standard. The silver rupee is still to retain its character of unrestricted legal tender.

It may thus be hoped that the danger for the gold supply of the world which was involved in the endeavours to create a gold circulation for India has been averted at any rate for a long time to come. It may also be hoped that the consciousness of this fact will exercise a tranquillising influence on those countries which possess unnecessary gold reserves, and that those reserves will be more readily placed at the disposal of the world now that there is no impending danger of a sudden accentuation of the shortage of gold. We must, however, realise that the interests of the gold producers require an extended use of gold and a higher value of gold, and that the South African gold mine companies in particular will make every possible effort to further their interests. It is therefore important to follow the situation with unremitting attention and to support the endeavours which are being made, in the real interest of the world, to maintain the value of gold at its present level, and thus to avoid the endless economic depression which would be entailed by a steady fall of commodity prices for a prolonged period.

It is of interest to follow the movement of prices in the gold countries in order to observe how far a distinct tendency towards a change in the value of gold in one direction or the other is being manifested. In those quarters where a rise in the value of gold is hoped for, people are trying to make out that the price-level in general is taking a downward trend, and that this is a sign of an increasing shortage of gold.

If we merely compare the present year with the year immediately preceding, the existence of such a tendency is undeniable. But such a comparison does not carry us very far. It is necessary to take into account the entire movement of prices from the time immediately succeeding the great period of deflation. In the United States the annual price indices published by the Bureau of Labour for the years 1922 to 1925 averaged 149, 154, 150, 159, with a mean of 153. During the present year the index number has fallen to 149 for August. Whether this fall of prices signifies anything more than a reaction from a small boom it is too early to decide. We are still justified in hoping that the United States

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will succeed in maintaining on the whole the price-level which has subsisted during the last few years. With a judicious use of gold reserves which hitherto have practically been left untouched, it should be possible for a fairly long time ahead to maintain with perfect security a price-level of say about 150. After that time we must place our trust in the belief that a gradual curtailment of the gold requirements of the world for monetary purposes may be able to set off the increasing shortage of gold. This will be for the next twenty or thirty years the great problem for the monetary policy of the civilised world.

STAGES IN THE STABILISATION OF THE FRANC.

THE RISE OF THE FRANC.

By PAUL APOSTOL.

The past week has been conspicuous for a marked improvement in the rate of the franc, as the £ sterling, which as late as September 30 was quoted at Fr.171.20, fell on October 21 to Fr.159.70, and the dollar from Fr.35.32 to Fr.32.90. Allowing that this movement was due, in part at least, to speculation, and that on the other hand the whole programme of pre-stabilisation has not yet been realised, it is difficult to forecast the course of the exchange market in the course of the next few weeks. The important thing to be noted is the influence that the financial policy of the Poincaré Government has already had on the market. It is certain that the rising trend of the franc is the immediate consequence of the revival of public confidence in the country. Speculation has played its part in a desire to take advantage of the excellent market conditions, and the movement has gone on growing. Several other circumstances, however, have contributed to this result. Thus the settlement for short sales of francs effected on the fall of the Briand-Caillaux Cabinet became due last week, and speculators were forced to cover themselves in so far as any rate as they had not already succeeded in doing so. The fall in the value of negotiable securities on the Paris Bourse led to buying on the London Stock Exchange, involving a demand for francs, etc. Finally the political atmosphere created by the Congress of Bordeaux, which brought about a triumph for moderate tendencies in the Radical Party, was also very favourable to the rate of the franc.

In order to appreciate more exactly the solidity of the grounds on which the revival of confidence and the improvement of the franc now rest we must realise the advance already made by the Poincaré Government towards pre-stabilisation during the months of August and September, and briefly analyse the difficulties still to be overcome before the goal is reached. In his recent letter to the President of the Financial Committees showing the favourable results already achieved by the Government in the matter of the Budget and of the Treasury M. Poincaré remarked: "The results are satisfactory, but they are not yet decisive. The work of financial and monetary restoration has only begun." How much then has been done?

As regards the Budget there were two problems to be solved: the carrying out of the Budget for 1926, which was being held up by delays on the part of the Revenue Authorities in issuing the assessment notices, and the elaboration of the Budget for 1927. The Government would appear to have straightened out matters with regard to the Budget for 1926. By the 31st of July only 13 per cent. of the assessment notices in respect of the five and a half milliards of income tax had been sent out: on September 30 this percentage had been increased to 82 per cent. As for the Budget for 1927 it has been laid before the Chamber of Deputies with estimates of revenue amounting to Fr.39,960 million and a total expenditure of Fr.39,382 million, thus showing a surplus of Fr.578 million. To have introduced the Budget Bill in October and to have

produced a Budget including the whole of the State expenditure and showing a surplus is a remarkable improvement in the budgetary situation, although it is not possible to assert positively that the actual requirements of the Government will not exceed the estimated votes on account anticipated by M. Poincaré. As a matter of fact the Budget Bill makes no provision for the redemption of National Loan bonds to the amount of Fr.3,018 million maturing on February 1, 1927, and of Treasury Bills to the amount of Fr.4,587 million maturing on September 25, 1927, in the expectation that these will be renewed. On the other hand, all payments which the Government will have to make abroad have been calculated at the rate of Fr.150 to the £. This rate would lead one to suppose that the Government intends to stabilise the franc at a rate not exceeding Fr.150 to the £. This supposition is confirmed as the result of an enquiry conducted by *Le Quotidien* during the Bordeaux Congress.

With regard to the Public Debt, it will be remembered that, previous to separating for the summer recess, Parliament passed the Bill establishing the Sinking Fund. The Government has also just issued a most successful loan for the consolidation of National Defence bonds to a total of Fr.3 milliard. The State debt to the Bank of France has been heavily reduced. On the day the Poincaré Ministry was formed, July 26, the margin of the Bank's advances had been brought down to a million francs: on October 21 it stood at over three milliards. In the month of August and during the first fortnight of September issues of National Defence bonds and Treasury Bills and payments on current accounts to the Treasury have exceeded reimbursements by Fr.1,786 million. It may therefore be asserted that the situation as regards the Public Debt has also undergone a remarkable improvement. In accordance with the programme he expounded in the Chambers M. Poincaré has effected economies in various departments, the full extent of which will only begin to be felt in 1928. On the other hand, the Government has pursued a policy of restricting loans which reacted on the Bourse, where it led to an increased carry over, and on industry and trade, where it had the effect, as yet only to a moderate extent, of bringing about a return of French capital transferred to other countries.

Finally, with regard to the building up by the Government and the Bank of France of a reserve of currency necessary for the stabilisation of the franc favourable results have also been achieved. The Bank's purchases of gold coinage amount to a milliard of paper francs. The result is certainly not very great. According to the estimate of M. de Fonville, which is generally considered to be below the reality, on the eve of the war there were five milliards and a half of gold in circulation in France. During the war the French people supplied the Bank of France with about two milliards and a half of gold, having over two milliards of gold coins still in circulation. So far, therefore, the Bank of France has only succeeded in drawing into its coffers a very small proportion of the outstanding gold. The Press attributes this fact to the inadequate organisation of the Bank, and particularly to the small number of counters at which the gold can be changed, but also to the propaganda of the Extreme Left Press.

Further it is well known that the Government, taking advantage of the easy situation of the Treasury and of the improvement in the rate of the franc, has re-established the Morgan Fund, with a pretty substantial reserve over and above its original amount. There is even a rumour circulating to the effect the Bank of France, in the exercise of the right conferred on it by the recent law to buy up currency with the help of a note issue outside the scope of the legal limit of issue, intends to build up a reserve of currency sufficiently large to enable the Government to dispense with foreign loans. Personally we do not believe there is any foundation for this report: the amount of currency which the Bank of France would need to secure to that

end would be enormous; also it would necessarily affect the rate of exchange as well as the purchasing power of the franc, because a note issue of that size, even against gold, would cause inflation.

We see then that in every direction the policy of the Government in preparing the way for stabilisation is proving effectual. It is this policy, and no artificial interference of the Government with the market, that explains the rise in the rate of the franc. This policy has brought about a renewal of confidence and induces speculators to operate for a rise. All the same the work of pre-stabilisation is far from being accomplished. The position with regard to the Budget and the Public Debt cannot be regarded yet as definitely consolidated or as assured against all danger, but it enables one to look forward with confidence to the future, and leaves the way open for every hope with regard to the sound stabilisation of the franc.

There remains, however, one danger on the horizon, and that is the possibility of the Agreements with regard to the interallied debts not being ratified. It is certain that there is a very strong current of public and Parliamentary opinion against the ratification of the Béranger-Mellon Agreement without additions or restrictions. But a favourable settlement of this question is of such decisive importance to the question of obtaining foreign loans for France, and consequently to the whole question of the stabilisation of the franc, that a way will have to be found of solving the problem, which is one of the most essential features of the programme of the Experts.

THE ECONOMIC SITUATION IN EGYPT.

A report on the economic and financial situation of Egypt during the twelvemonths preceding June, 1926, by Mr. E. Homan Mulock, Commercial Secretary, The Residency, Cairo, was issued recently by the Department of Overseas Trade.* Mr. Mulock points out that the wealth of the country has been increased considerably during the period under his review. One favourable factor being the successful outcome of the campaign of the debenture holders against the Suez Canal Company and other industrial concerns similarly situated, regarding the obligation of the latter to pay interest in the Egyptian equivalent on a gold basis of French or Belgian francs, as the case may be. Extensive speculation in the debentures of the companies concerned while the legal issue was still in doubt has also been a contributory cause. Other indications of the wealth of the country were afforded by the building of flats, shops and private houses, this was more intensive and widespread than ever; by the marked increase in the number of motor vehicles, and by the appreciation in the value of stocks and shares, which are normally closely affected by cotton prices.

In spite of the set back in cotton prices which has characterised the 1925-26 cotton season, so far as that period is covered by this report, the prosperity of Egypt and the flourishing condition of public and general finance, so far from being adversely affected, have been generally enhanced. The decline in cotton prices appeared not to have affected the purchasing power of the country, the strength of which was indicated by an increase in the value of imports, which exceeded the total of the drop in exports by nearly £E.1,000,000. Further, in spite of these conflicting factors, and of a decrease of £E.200,000 in re-exports, the net result is a favourable balance of £E.2,243,941, and a total foreign trade of £E.118,693,731.

A number of Mr. Mulock's remarks are devoted to the economic and financial policy of the Egyptian Government. Speaking generally, he says, the attitude towards commerce and industry of the Cabinet which was in power during the period under review was dictated by the desire to encourage and assist Egyptian

industries so far as possible, and to invoke the aid of foreign enterprise for development schemes which local firms could not undertake but which would eventually benefit Egypt at large. Such schemes related to irrigation work, harbour improvements at Alexandria, Damietta and El Kossier, and the creation of a state-aided mercantile marine. Government assistance was given to the cigarette industry, sugar refining, and with a view to assisting local manufacturers in obtaining contract materials. The principal effect of its commercial legislation was felt in regard to cotton. Draft laws with the object of ensuring the proper control and distribution of seed, and of preventing the mixing of different varieties of cotton, occupied the attention of the Government during the latter part of the period under review, while the Economic Council, which consists of Europeans and Egyptians, was, at the time of writing this report, investigating ways and means of modifying the regulations of the Bourse at Alexandria. A welcome feature of these three measures is considered to be the collaboration which has taken place between the authorities and the business world, and it is hoped that this precedent will, whenever practicable, be followed prior to the promulgation of any legislation closely affecting the commercial community.

For the fifth year in succession the Government has entered the cotton market as a purchaser. Operations began on October 31, 1925, as a result of pressure from the General Agricultural Syndicate, who were alarmed at the decline of the price of Spot Sakel from 50½ dollars on September 1, the opening day of the current season, to 42½ dollars on October 25, the date on which the Government announced its intention of buying spot cotton. By the end of 1925 the Government had bought about 5,000 bales mostly F.G.F. Sakel, but in spite of these operations, the object of which was supposed to be the stabilisation of prices, the price had fallen from 38½ dollars on October 31 to 33½ dollars on December 31, 1925. On January 13, 1926, up to which date they had bought about 6,000 bales at an average price of 35 dollars per cantar (99.0493 lbs.), they yielded to further pressure by the Syndicate and decided to increase their purchases up to a total of half a million cantars, fixing as their purchase basis a premium of Sakel over American of 75 per cent., and endeavouring to maintain a minimum price of 36 dollars per cantar. By the end of the financial year 1925-26 Government purchases of cotton had totalled 350,496 cantars (45,225 bales), involving an expenditure of £E.2,364,061, or an average of 33.72 dollars per cantar. Of this quantity Sakel accounted for all but 1,133 cantars of Ashmouni.

As Mr. Mulock rightly adds, whatever the ultimate result and object of this unproductive and costly holding up of pure Sakel may be, it failed of its immediate and sole *raison d'être*, viz. the maintenance of prices. On March 17, 1926, Spot F.G.F. Sakel touched the lowest price recorded up to May 31, viz. 28½ dollars, since then it hovered around 30 to 32½ dollars; while the effect on contracts was equally depressing. New Crop reached its highest level for the current season, i.e. September 1, 1925, to May 31, 1926, on September 17, when it stood at 46.58 dollars per cantar. From that point it declined steadily, touching the low level of 28.70 dollars on March 17, 1926. Mr. Mulock goes on to say that it should be noted that the financial argument in favour of Government intervention in the cotton market in previous years has been that the Treasury has invariably recouped itself handsomely by subsequent selling on a rising market. It must, however, be borne in mind, when considering the eventualities of the Government's latest experiment that, by the end of the financial year 1925-26 they had already purchased more than the total volume of all the previous four years put together, viz., 246,033 cantars (of which 174,350 were bought in 1920), and had already spent nearly a million more than the total cost of those four years' purchases, viz. £E.1,435,410. During the four cotton seasons 1921-22 to 1924-25 inclusive they made a total profit, by subsequent disposal in small

* H.M. Stationery Office. Price, 1s. 6d. net.

quantities at remunerative prices, of £E.500,000; but it is obviously a very much easier matter to dispose, at a profit, of a yearly average of 61,508 cantars, than of a quantity which is already more than five times as large, and which by the end of the season may well prove to be more than eight times as great, and to whose initial cost must be added the recurrent expenditure involved by storage and insurance. At the present moment this intervention on the part of the Government as a purchaser in the cotton market may be regretted more than ever, in view of recent price tendencies, and it should be obvious to most of those engaged in the industry that the day of high cotton prices is past, a fact which, although Mr. Mulock does not say so, might have dawned upon the Government's advisers before allowing their policy to develop so rapidly. Such an event, still lower prices, was but the logical outcome of their experiences

during the earlier months of this season, and they should have heeded the warning. At the moment the outlook, so far as it concerns the cotton grower, is extremely grave. The Government has announced its intention of exceeding the sum of £4,000,000 required in order to make advances to cotton growers. A considerable amount of political pressure is being brought to bear on the Government to intervene as a purchaser of cotton still more, but this it is resisting. It has been said in some quarters that such intervention has never taken place, but this is incorrect as a perusal of Mr. Mulock's report will prove. The Government's scheme for making advances by way of temporary relief to the fellahin will afford time for a breathing space, during which it is essential that certain readjustments should be made and these should be based upon the fact, indicated above, that the day of high prices is over.

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.)

DENMARK

POLITICAL AND GENERAL

Economic and Trade Conditions in September.—The National Bank of Copenhagen and the State Statistical Department supply the following information on the economic and industrial conditions in Denmark during September.

The value of the Danish krone has improved during the month from 98.84 to 98.94 gold öre. The average of the dollar quotations decreased from 3.77 39/100 to 3.77 01/100; the average for the sterling quotations was Kr.18.27 per £.

The decrease in the deposits and loans of the banks has continued; thus the loans of the three principal private banks declined to the extent of Kr.16 mill., the deposits to the extent of Kr.20 mill. On the other hand the loans of the National Bank at the end of September remained practically unchanged as compared with the end of August. The note circulation too has scarcely varied; at the end of September it stood at Kr.377.4 mill. as compared with Kr.376.5 mill. at the end of August.

The turnover of shares and bonds on the Copenhagen Stock Exchange was somewhat larger in September than in the preceding month, the weekly average being Kr.1.8 mill. in the case of shares and Kr.3.1 mill. in the case of bonds, as against Kr.0.8 mill. and Kr.1.5 mill. respectively in August. The September quotations show an improvement for all kinds of both shares and bonds. The share index number for September was 88.9 (in August 87.0), the bond index number 86.1 (in August 85.8), taking 100 as the index number of July 1, 1914.

The wholesale index number of the Statistical Department remained at 162, as in August. Though there was no change in the total number, fluctuations occurred within the various groups of goods; thus the prices for building material fell, while those for fuel rose.

The trade balance for August shows a smaller import surplus, viz. Kr.4 mill., imports aggregating Kr.122 mill. and exports Kr.118 mill. In August 1925 the import surplus was Kr.1 mill. On the whole the trade balance since the beginning of 1926 shows a very small surplus of imports as compared with the corresponding period of last year, viz. Kr.10 mill. as against Kr.72 mill. Agricultural exports were very nearly the same as in August, except for meat. The average weekly export of butter was 25,438 hkg. (in August 25,618 hkg.), of eggs 986,300 score (in August 990,600 score), and of bacon 36,796 hkg. (in August 35,884 hkg.), and of meat and cattle 10,953 hkg. (in August 8,936 hkg.). Prices were higher for butter and eggs than in August, but lower for bacon and meat. The average of the official weekly quotations was for butter, Kr.304 per 100 kg. (in August, Kr.300); for eggs, Kr.1.60 per kg.

(in August, Kr.1.48); for bacon, Kr.1.74 per kg. (in August, Kr.1.85); and for meat, 55 öre per kg. live weight (in August, 56 öre).

Unemployment continued to be greater than last year, but while there was an increase in August 1925 as compared with the preceding month, this year there was a decline. The unemployment percentage at the end of September was 16.8, as against 10.6 at the same date last year. In the industrial trades the percentage was 18.1, as against 10.8 in September 1925.

The State revenue from Excise and Customs in September was Kr.13.8 mill., Kr.4.6 mill. of which was derived from Customs duties. The corresponding figures for September 1925 were Kr.13.5 and 4.1 mill.

FINANCE

The Financial Statement.—The Financial Statement made in the beginning of October included a review of the results of the Budget for 1925-26 and an exposition of the Budget for 1926-27. The accounts for the former year show a surplus of Kr.1.1 mill. as against an estimated deficit of Kr.9 mill. State enterprises show a deficit of Kr.25.1 mill. The public debt, which at the beginning of the financial year amounted to Kr.1,260 mill., has been brought down to the extent of Kr.59 mill., but as Kr.24.3 mill. of this amount consisted of repayments to the National Bank the real decrease is about Kr.32 mill., due to conversion loans and the fall in the rate of the exchange. The net capital of the State on March 31, 1926, figured out at Kr.293.8 mill., or some Kr.100 mill. less than at the same date last year as a result of a re-estimate of assets in accordance with the Report of the Administration Committee. The balance of accounts of the State, according to the *Scandinavian Weekly* of October 15, runs up to Kr.1.5 milliard.

The Budget for the current financial year, says the same paper, balances with an amount of Kr.341.5 mill., or a reduction as compared with the previous year of about Kr.18 mill. Notwithstanding retrenchments and a lower price index number the balance of the Budget has been reduced only by Kr.40 mill., from Kr.381.6 mill. to Kr.341.5 mill., as a result of the appeal of the Folketing to the Government in March last, a response which is by no means imposing considering the large part which the lower price index number has played with regard to the reduction in the budgets of the various departments. The Government intends effecting special retrenchments in the military budgets to the extent of Kr.10 mill., and this sum it proposes to distribute among the municipalities in view of the financial difficulties they have encountered as a consequence of the heavy expenditure entailed in respect of the unemployed. The Conservative and Liberal parties will doubtless protest against this proposal as contrary to Parliamentary usage. Another matter which will doubtless be con-

tested by the Opposition is the proposal by the Minister of Agriculture to reduce by Kr.432,000 the annual grant in support of the breeding of domestic animals, which now runs up to about one million kroner. The deficit on the working of State activities is estimated in the Budget at about Kr.14 mill.

The Farøe Islands Fishery Concession to an Italian Company.—The Committee of the Farøe Lagting appointed to look into the question of granting a concession to an Italian company for a trawl fishery there handed in its report at the end of September, from which it appeared there was a majority against the proposal. A minority, however, favoured the grant on the ground that the concession would give bread to a large number of poor people in the islands. The Lagting apparently took the same view, for by 15 votes it agreed to the grant, for which the Italian company is to pay Kr.50,000 a year. The company's stations are to be established only in places approved by the Lagting. Only Farøe islanders are to be employed on the building of stations, goods sheds, factories, a floating dock, etc., except in cases where special training is required. This condition applies also to the crews on board the trawlers. Payment of wages in kind is not allowed, and where necessary suitable lodgings are to be provided on reasonable terms. The concession will run till January 1, 1938, but may be extended by the Lagting for periods of five years. On the termination of the concession the Lagting will be entitled to take over the stations and accessories at a price to be fixed by persons appointed by the Court. The company, however, will not be entitled to claim compensation for roads, bridges or quays, and will be charged with the cost of policing its premises. While the concession runs the company will have to see that Farøe goods do not pay duty or other dues in Italy, and should the company not be able to carry this out it will have to refund the amounts paid in respect of the same. The company also agrees to submit to the provisions of the treaty concluded between Great Britain and Denmark on June 24, 1901, regarding fishing in waters round the Farøe Islands and Iceland. Should the company neglect to observe the Farøe laws or the laws relating to trawl fishing, the Lagting will be entitled to cancel the concession. (*Scandinavian Shipping Gazette*, Oct. 1, 8.)

TRADE

Reciprocity in Trade.—We have, says the *Scandinavian Weekly* of October 1, on various occasions pointed out the necessity for reciprocity in trade between two countries. Denmark, for instance, buys large quantities of goods of various kinds from the United States, while the United States in return buys only very little from Denmark. England is Denmark's best customer so far as agricultural produce is concerned, and Denmark also buys large quantities of British goods; but considering the importance of Great Britain to the economic life of Denmark we, and many with us here, think it the moral duty of Denmark to buy British goods whenever possible, i.e. whenever they are able to compete in the open market. We are glad to be able to state that there seems to be every prospect of successfully carrying through a step in this direction as the result of negotiations started on Danish initiative between co-operative agricultural associations here and a group of manufacturers in England regarding the supply of Denmark with fertiliser, superphosphate, which Denmark has hitherto imported from America, Belgium and Holland. We understand that the negotiations are nearing a successful termination, although Belgian manufacturers, owing to the low rate of exchange of the Belgian franc, have been able to give a very low quotation. It is encouraging to see that wide circles in this country are realising the importance and the soundness of such a give-and-take policy, and we trust that further development in this direction will take place in times to come.

Effects of the British Coal Strike.—The British coal strike has to-day lasted 154 days and is, unfortunately,

“still going strong,” says the *Scandinavian Shipping Gazette* of Oct. 1. Without doubt this is the most expensive industrial upheaval that Great Britain or any other country has passed through. The Boer War cost the British community 243 million sterling: the coal strike has, according to expert calculation, already cost Great Britain more than 260 millions, a terrible figure to contemplate. Here in Scandinavia the effects of the coal strike are felt in various ways. Not overwhelmingly so in Sweden and Norway, which both have national resources of coal fields and abound in harnessed water power. Denmark, on the other hand, is a country without coal seams or “white coal,” and here the British coal strike is felt by practically everybody. We have already explained how Danish shipping so far has been a gainer by it. But much more than the Danish community is making on the shipping swings is it losing on the industrial roundabouts. All or most Danish industries are based on easy access to cheap foreign coal. Without it they cannot expect to compete with the industries of coal-producing countries, notably Germany, where wages are lower and hours longer than in Denmark. Several Danish industries have already had to close down, as they have been unable to find any substitute at a reasonable price for the cheap British coals. It must be remembered that Germany has gradually raised her export prices for coal to such a peak that they are unacceptable for most Danish industries. The price for Silesian coal has also followed suit, the British bidding of late being so fierce that the Poles can practically dictate their own price. Quite apart from the question of price, Denmark is faced with the very serious situation of being absolutely stripped of coal and unable to get any if the strike continues another month or two. Stocks are running uncomfortably low, and both Germany and Poland are booked up with foreign orders to such an extent that they are to all practical purposes unable to accept any further orders for delivery within three months or so. The hand to mouth policy followed by the Danish authorities and industries as to purchases of coal is likely to have very serious effects on the whole economic life of Denmark. If the British coal strike is not brought to an end within six weeks, Denmark will be faced with industrial stoppage and an unsolvable unemployment problem.

The difficulties of the Danish State railways, however, are not thought to be unsurmountable, according to an earlier issue of the same paper (Sept. 24). When the strike was threatening the railways secured for themselves large reserves of British coal, and the supplementary purchases of Silesian and German coal have been very limited. The railways do not intend to buy further stocks at current prices, and once the strike in England is over a contract for delivery of English coal will immediately come into force. The contract was made in May last, just before the strike broke out, but part of the deliveries have been cancelled automatically in the course of the past few months. What remains will, however, secure for the railways right from the moment the strike ceases very cheap and good English coal.

Date Marks on Danish Butter Exports.—In accordance with the Butter Trade Act passed by Parliament in its last session the Danish dairy organisations, says the *Scandinavian Shipping Gazette* of October 15, have submitted to the Ministry of Agriculture a suggestion to the effect that the provision of the Act with reference to date marks be put into force as soon as the Government find it opportune. The Government will follow the suggestion, and the provision in question will probably come into force as soon as the British coal strike is ended. The reason why this moment is selected is that the expediency of date-marking is very much disputed, and the English butter market being naturally somewhat weakened while the strike is on, the Government will not run the risk of having the reduced sales attributed to date-marking. The idea of marking is to

prevent butter being put aside in expectation of a more favourable market, thus involving a danger of its losing its original freshness. Marking will take place in the dairies and the mark will be placed on the stave of the barrel which already bears the official trade mark and will be affixed by means of a rubber stamp which will be the same for all dairies. The dairies also desire sharper control with regard to the quality of the butter and also with regard to the packing, and it is suggested that they guarantee the net weight of the butter, every barrel to contain 106 lb. Danish weight or 112 lb. English weight.

COMMUNICATIONS

The Jutland-Norway Steamship Ferry.—The Committee appointed in 1920 to enquire into the possibility of establishing a ferry-steamship line between Denmark and Norway has produced its report. The Committee, on which Danish and Norwegian experts were appointed, unanimously agrees that such connection will undoubtedly be of great advantage both from an economical and cultural point of view. Economic considerations, however, have raised some doubts in the minds of the Committee, investigations having led to the conclusion that even in the fifth year of exploitation a large deficit would have to be reckoned with, i.e. Kr.1 million for Denmark and Kr.500,000 for Norway (including interest on capital invested and sinking fund). In view of this and of the general economic conditions the Committee does not submit a definite proposal for the establishment of the ferry, but leaves the decision to the Danish and Norwegian Parliaments, which leads the *Scandinavian Shipping Gazette* to conclude that the project will be postponed for some years. The Committee recommends Frederikshavn as the starting-point on the Danish and Larvik on the Norwegian side. So far as Denmark is concerned three starting-points were considered, Frederikshavn, Hirtshals and the Seaw. The first of these ports was found to be cheapest, entailing an expenditure of Kr.3.8 million as compared with Kr.9.3 million and Kr.10.3 million respectively in the other two cases. In Norway a number of places were examined, but the Committee finally decided on the following three, Porsgrund, Larvik and Skjebergkilen, the estimated cost for which is reckoned at Kr.6.08 million, Kr.2.7 million and Kr.3.13 million respectively. The time required for crossing from Larvik to Frederikshavn is estimated at about 7 hours, while the journey from Oslo to Hamburg would take about 24 hours. The intention is to use large sea-going ferry-steamers or Diesel motorships with three tracks for waggons and coaches, and the boats are to run two trips a day in each direction. Each country is to provide one boat, besides which there is to be a reserve boat in joint ownership.

FRANCE

GENERAL AND FINANCIAL

The Rise of the Franc.—The most important financial event of last week in France was undoubtedly the sharp recovery of the franc, which greatly influenced the whole atmosphere of the Stock Exchange. As usual several explanations have been given of this phenomenon. The first and most plausible of them is that people speculating on the fall of the franc were deceived not only by the blow of July last, but perhaps even more by the stability of the exchange during the last few months. During this time the exchanges have shown a rather downward tendency. This tendency has been supported by the high rate of interest obtaining in the French money market, and a certain movement of foreign capital to France for short term dealings was favoured by the steadiness of the atmosphere. This movement has been attributed by many financial papers to a return of French capital to France. People having sold forward francs were inclined under the pressure of the general psychology to liquidate their commitments by purchasing francs. The *Agence Economique et Financière* pointed out that many forward sales of francs (three months being the usual term) made during the panic in July have fallen due during these days and caused important franc purchases. An important political event accentuated the rise in the franc, as the Congress of the Radical Party held in Bordeaux to determine the policy of this important group in Parliament did not display any intransigent tendency with regard to the Government. Notwithstanding certain statements of principle calling for a capital levy and the ratification of the debt agreements only with the insertion of safeguard or transfer clauses (new negotiations with the United States have even been asked for), the Congress elected a very moderate President of the party and approved enthusiastically his declaration, which was by no means so definite: as far as the inter-Allied debts are concerned this declaration speaks only of "necessary reservations." The statement of M. Caillaux that these resolutions must not be interpreted in an extreme sense, in order to leave the Government and Parliament free to act as they think best in the present circumstances, has not been officially contradicted. Whatever one may think of the unity of the Radical Party in France, it is clear now that the majority of the group will not oppose the Government in critical circumstances. On the Debt question the party is divided in opinion in the same measure as other parties, and much depends on the personal views held by its members.

The financial papers also lay stress on the speculative spirit of the French industrialists, who, following the general tendency, sell their foreign exchange reserves accumulated for the payment of raw materials imported from abroad—with the view to repurchase them later at a lower rate. The *Information* complains about these speculations, which only aggravate the fluctuations of the exchange, both upwards and downwards.

The Government and the Bank of France benefited materially by the large offers of foreign exchange; according to the financial Press, they were the only important buyers of foreign exchange during these days. It was semi-officially announced that the Government has recovered the total amount of the so-called Morgan Fund, i.e. 100 million dollars, and covered all the next maturities of external debt. On the 18th, 19th and 20th of October the Government was buying at the rate of about a million pounds a day, thus greatly strengthening its position in the money market. (*Journal des Finances*, No. 42.)

The papers reported that the extent of the downward movement exceeded what the Government thought desirable. It must also be noted that the fall in foreign exchanges was accompanied by a severe fall in Stock Exchange quotations. Foreign stocks and shares were

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falling to a greater extent than corresponded with the level of the exchange, and home stocks experienced the repercussion of this fall. Foreign dealers tried to benefit by this situation and bought at low prices, but they were at the same time buying francs in order to pay for the securities they purchased, thus accentuating the rise in the franc.

Movement of Stock Exchange Prices.—It was shown in a previous issue of THE ECONOMIC REVIEW (June 18) that notwithstanding the monetary ease prevailing in the first months of 1926 the prices of bonds and shares had been quite steady or had only moved slightly downwards. The index number of Stock Exchange prices of the General Statistical Office displays a certain upward movement only since May, when the continual fall of the franc compelled many people to buy "real securities" in the shape of industrial shares.

Basis: Average 1901-1910 = 100.

	Bonds bearing fixed interest.	Stocks bearing variable interest.	Average quotation for sterling.
January	51.5	270	£ = 131.00
April ...	52.1	267	£ = 143.90
May ...	51.2	275	£ = 155.06
June ...	49.4	302	£ = 165.92
July ...	49.6	350	£ = 199.03
August ...	51.5	325	£ = 172.11
September	51.9	345	£ = 170.07

It may be seen from these figures that the public is not at all interested in bonds bearing fixed interest; on the contrary, shares display a continual bullish movement, which in December is even independent of the foreign exchange rates. It is interesting, too, to note the movement in the different groups of shares:—

	Reconstructed Banks.	Building coal mines.	Metal- lurgical industry.	Chemical works.	Ship- ping.	Elec- trical works.		
April ...	176	253	418	113	58	155	249	259
May ...	178	257	435	115	59	168	266	265
June ...	186	294	477	124	61	185	312	296
July ...	222	367	538	143	76	199	360	340
Aug. ...	233	360	521	152	77	201	325	331
Sept. ...	235	395	549	166	76	268	360	347

It will be seen from the above figures that the rise in the prices of stocks exceeds by far the rise in the exchange, thus representing to a certain extent a perfectly independent movement. The rise is very sharp in the shares of reconstructed coal mines; since April they have risen by about 56 per cent., which is naturally due to the English coal strike. The rise in freights during the last month, which is due to the same cause, influenced very much shipping stocks.

The rise in chemical shares is also very considerable. Last places are taken by railways and the building material industry, which show a comparatively small rise.

TRADE

Agricultural Production and Import Duties.—In view of the deficit in the harvest this year (see THE ECONOMIC REVIEW, Oct. 15), the Government has taken certain measures in order to improve the conditions of the wheat supply in France. The legal percentage of flour to be extracted from the grain has been increased, as well as the proportion of substitutes to be included in it for panification. A recent decree authorised under specified conditions certain drawbacks on the duties paid in respect of imported wheat, the Government acting in the belief that this step was calculated to influence wheat prices. It may be remembered that M. Poincaré's recent financial measures imposed increased Customs duties on all French imports. The decree of the Ministry of Agriculture provoked considerable opposition, and even the resignation of M. de Monicault, a deputy, from his office as a member of the Committee of Panification. He declared the new decree to be very prejudicial to the agricultural classes and that it would give the public the false impression that the recent fall in wheat prices was due not to the rise in the franc, but to the reduction of the duty.

The Central Committee on grain and bread also expressed the opinion that intensified home production of grain should be the principal object aimed at by the Government. In the opinion of the Committee, everything must be done to diminish imports; from this point of view some centimes more paid for home bread is an advantage to the country if compared with imports of foreign wheat even at a lower price.

The intensification of home production remaining the principal task of the Government, they should not forget, under the influence of a temporary deficit in this year's harvest, the reaction which the recent decree may have in future on agricultural production, on which the "security and the stability of the economic life of this country" depend.

INDUSTRY

The Coal Output in August.—The total output of coal in August was less than in July, notwithstanding the fact that the number of working days was the same, viz. 4,364,831 tons as against 4,381,366 tons for 26 working days. The daily output works out as follows as compared with the previous month (in tons):—

	Average 1913	Daily output.	Number of hands.
January 1924	136,147	203,208
January 1925	144,680	286,804
January 1926	160,445	311,991
June	170,048	315,204
July	170,382	311,608
August	168,514	311,957
August	167,878	312,363

After deduction of the Alsace-Lorraine output (16,145 tons) the daily output of the mines situated within the confines of pre-war France was 151,733 tons, 105,979 tons of which was contributed by the Nord and Pas-de-Calais (devastated areas) and 45,754 tons by the Midland and Southern mines.

Owing to the stoppage of exports of English coal to the Continent, French industry is beginning to feel the shortage very acutely.

Last week an important factory in the south-west (Trignac) was closed for several days because of lack of coal. Only when the Minister of Public Works personally intervened was the factory able to resume work.

It is also reported from Bordeaux that very many fishing vessels are unable to sail for the same reason.

GERMANY

FINANCE

The Foreign Loans.—An animated discussion recently arose in the Central Committee of the Reichsbank in connection with Dr. Schacht's statements concerning the effect of the foreign loans. The part played by foreign loans and their effect upon the balance of payment, general productivity and the currency are much debated from various points of view. An endeavour has therefore been made to throw some light on the character of the foreign loans and their influence on German economics as a whole.

The following table shows in order of date the more important of the foreign loans recently placed on the market (in millions):—

State of Anhalt	...	...	...	...	...	\$ 2
Sächsische Werke A.G.	...	...	...	...	...	\$15
Robert Bosch	...	...	...	...	...	\$ 5
Development of the Lower Isar	...	...	...	...	...	\$ 8
Waldhof Cellulose Factory	...	...	...	...	...	£ 0.75
Gewerkschaft August Thyssen	...	...	...	...	...	\$ 5
Lech Electrical Works	...	...	...	...	...	Sw. Fr. 12
Municipality of Stettin	...	...	...	...	...	\$ 3
United Steelworks	...	...	...	...	...	\$30
Miag Concern	...	...	...	...	...	\$ 3
State of Bavaria	...	...	...	...	...	\$10
Rhenish Electrical Works	...	...	...	...	...	\$ 3
Westphalian Land Bank	...	...	...	...	...	£ 0.8
German Savings Bank Union	...	...	...	...	...	\$ 8
State of Prussia	...	...	...	...	...	\$20
Leipzig Power Works	...	...	...	...	...	\$ 3

Siemens Concern	...	...	...	...	...	\$24
State of Hamburg	...	...	...	...	...	\$10
State of Hamburg	...	...	...	...	...	£ 2
Lower Elbe Electrical Works	...	...	...	...	...	\$ 2.5

A consideration of this formidable list gives the impression that all these loans are of a productive nature. The municipal and State bodies who appear as floaters of loans have acquired these credits for development certain to bring a return and the financing of productive unemployment benefit. The foreign funds serve for the most part to extend the German electrical system or water power plant, as shown by a number of the above examples. The great industrial undertakings, such as the United Steelworks, Siemens, Waldhof Cellulose, etc., also go to prove that the loans are of a productive character. In cases where they serve as the consolidation of existing short term credits this character does not suffer any change.

In judging of the foreign loans, it must be remembered that foreign lenders are only disposed to invest money in objects of a productive nature offering first-class securities. It is naturally extraordinarily difficult to judge immediately in every individual case of the effect of the foreign loans upon production or turnover, especially as the funds are not always put immediately into use, but are distributed over considerable periods. It may however be assumed that no small part of the economic uplift recently observed has been brought about by means of foreign loans or by foreign credits of shorter duration. It cannot be denied that the capacity of the inner German market is still relatively very small, and that the funds of the savings banks are of very modest dimensions, while the deposits in the banks are mostly of a transitory nature. Home loans are placed slowly and with difficulty, and it is therefore natural that loan seeking bodies should turn to the great international capital centres, especially as conditions on foreign markets have recently become more favourable to Germany.

One other point should be emphasised here, namely that if the Reichsbank has been able in so short a time to reduce its discount rate to 6 per cent., and the general rate of interest has experienced a considerable decrease, this must be ascribed chiefly to the foreign loans and credits. The reconstruction of German capital is being effected too gradually to attain the present rate of interest unaided.

As regards the danger of inflation from foreign credits, this danger is out of the question so long as the loans serve productive purposes and tend to the reduction of unemployment and the increase of agricultural and industrial production. Moreover the volume of foreign credit has not yet exercised any deciding influence on the circulation of means of payment. The following table gives the figures of the note circulation at the beginning and the end of the first nine months of the current year as compared with December 1925 (in millions of Reichsmarks) :—

	Middle of month.	End of month.	Increase.
1925, December	2,566	2,960	394
1926, January ...	2,508	2,649	141
February ...	2,420	2,822	402
March ...	2,605	3,160	555
April ...	2,790	3,086	296
May ...	2,783	2,878	95
June ...	2,613	2,971	358
July ...	2,738	3,106	368
August ...	2,861	3,225	364
September	2,901	3,251	350

It will be seen that the average monthly fluctuations amount to Rmk.300 to 400 million, and thus exceed the increase in the note circulation of the last few months. The slowly increasing volume of credit balances with the great banks may be attributed to the increase in foreign credits and balances.

That the increase in the note circulation during the last few months has been accompanied by a notable increase in the general turnover and a decrease in unemployment is shown by the following figures which give the number of entirely unemployed persons receiving support :—

February 15	...	...	2,058,000
April 15	...	...	1,879,000
June 15	...	...	1,749,000
August 15	...	...	1,603,000
September 15	...	...	1,484,000

The considerable increase in the activity of the Reichsbahn, shown particularly in the extraordinarily augmented waggon supply, chiefly for coal transport, lies in the same direction. The following figures, being waggons supplied in the Ruhr, will give some idea of the development :—

April	...	...	538,000
July	...	...	780,000
August	...	...	797,000

A greatly augmented turnover is also reported from the German ports. The increase in the total turnover of foreign trade is also noteworthy. Taken together, imports and exports amounted to the following figures (in millions of Reichsmarks) :—

January	...	...	1,501
May	...	...	1,433
July	...	...	1,763
August	...	...	1,754

In concluding another important item which is intimately connected with the question of foreign loans may be mentioned, i.e. the problem of reparations and the German balance of payment. In pre-war times the German balance of payment was mainly effected by means of the returns from the very considerable German capital deposits abroad. Since the greater part of this capital has vanished or been sequestered, another means of compensation must be found, and this is offered to-day by the foreign loans and credits. They facilitate the financing and maintenance of the greater proportion of German foreign trade, in addition to



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promoting the reconstruction of German home capital. It must also be taken into account that Germany's reparation payments and deliveries in kind represent so many unbalanced items so long as they are not compensated by means of a net surplus in the balance of foreign trade. It is obvious that one-sided efforts of this kind cannot be made by Germany under the present circumstances either from capital or credit. If Germany is at pains to fulfil promptly the Dawes obligations assumed by her, she must have recourse to foreign loans and credits to finance her reparation payments for the time being, in order to maintain her balance of trade and of payments. The limits of the foreign loans are the limits of Germany's ability to pay the interest and effect the repayment of them, and it must be the task of the competent authorities on the currency to estimate where exactly they lie. (*Hamburger Fremdenblatt*, Oct. 8.)

Reparation Payments in September.—According to the review published by the Agent-General for Reparation Payments, the September receipts amounted to Rmk.84.94 mill. and expenditure to Rmk.84.43 mill., so that cash in hand increased to Rmk.94.43 mill. at the end of September 1926. Receipts included Rmk.45 mill. interest on the Reichsbahn Reparation Debt, Rmk.22.5 from the transport tax and Rmk.9.17 from the Budget contribution. A total of Rmk.76.92 mill. was paid over to the Powers, Rmk.6.15 mill. being allocated to the service of the Dawes Loan. Expenditure consisted of Rmk.6.58 mill. Occupation costs, Rmk.41.53 mill. deliveries in kind (hard coal, etc.), Rmk.13.13 mill., means of transport for some Rmk.2.75 mill., dyes and pharmaceutical products Rmk.1.05 mill., chemical fertilisers Rmk.3.33 mill.), while contract deliveries to the United States of America represented Rmk.10.03 mill. On the basis of the Reparation Recovery Act Rmk.17.29 mill. was paid over, including Rmk.13.3 mill. to Great Britain and Rmk.4.16 mill. to France.

France received a total of Rmk.35.46 mill. including Rmk.9.99 mill. for coal, Great Britain Rmk.15.09 mill., Italy Rmk.5.09 mill. (coal Rmk.2.25 mill.), Belgium Rmk.6.62 mill. (coal Rmk.0.9 mill.), Yugoslavia Rmk.2.84 mill., Rumania Rmk.0.61 mill., Portugal Rmk.0.14 mill., and Greece Rmk.0.15 mill. (*Hamburger Fremdenblatt*, Oct. 13.)

INDUSTRY

Position of the Ruhr Coal Mining Industry.—The Coal Syndicate has been experiencing increasing difficulty ever since August in carrying out its current contracts, and is in arrears with its deliveries of bituminous coal to Belgium and France. A serious campaign has been organised in South German business circles against the Syndicate which makes the purchase of other than Ruhr coal almost a punishable offence on the part of its purchasers and yet is incapable of meeting their requirements. The Syndicate nevertheless continues to affirm that there is no real shortage of coal among home consumers. Apparently the intention is to profit by the large foreign demand in the belief that as soon as the English miners are back at work supplies will be punctually and adequately conveyed to German consumers. The mines are incapable of producing in each individual class of coal the quantities which the Syndicate has engaged itself to supply, which must at first sound strange in view of the 30,000 miners who are officially reported to be out of employment in the Ruhr district and the numbers of pits closed down on rationalisation grounds, and which with few exceptions, have not been re-opened. The Syndicate explains the calamity of the inadequate fulfilment of its engagements by the fact that the September coal output did not experience the expected increase, which the Syndicate took into account in making its contracts, a considerable decrease in output having taken place in the first half of the month.

The falling off in the output is attributed in mining circles to the decline of the working production of the miners, which is connected with the increase in sick-pay, bringing with it an added number of men absent from work on the plea of sickness. The number of miners thus absenting themselves from work has increased from 10 per cent. to 20 per cent. In view of the fact that taxes and contributions are not deductible from sick pay, this benefit becomes almost as lucrative as the working wage, particularly as it is paid for Sundays as well as working days. The Unions are complaining that extra shifts are being worked to a considerable extent in preference to engaging new hands. It is stated, however, in mining circles that 20,000 new miners have been engaged, and that more would be taken on if the output could be increased thereby. It is not considered desirable, however, in view of the imminent ending of the British strike, to re-open pits at a great cost only to be obliged to demobilise them again.

The great demand for fuel is doubtless due in a measure to the depletion of the coke stocks, which at the present moment amount to a bare 2 million tons. The delivery difficulties of the Coal Syndicate are aggravated by disturbances in the transport of coal occasioned by delays in sending trucks to the Ruhr and the sinking level of the Rhine. (*Hamburger Fremdenblatt*, Oct. 9.)

According to preliminary estimates the coal output in the Ruhr district during the six working days September 26 to October 2 amounted to 2,277,977 tons as compared with 2,318,982 tons in the previous week, the daily average amounting to 379,663 tons as compared with 386,497 tons in the previous week, while the daily coke production amounted to 61,252 tons (59,943 tons) and the output of briquettes 12,367 tons (12,178 tons) per working day. (*Deutsche Allgemeine Zeitung*, Oct. 12.)

SOCIAL AND LABOUR CONDITIONS

Emigration Returns for the Half-year.—Overseas emigration from the German Reich further increased in the second quarter of 1926 as compared with the first quarter from 16,185 to 17,560. Emigration was particularly brisk in April and May. The following table shows the number of German emigrants each month during the first half of 1926 as compared with 1923, 1924 and 1925:—

	1923.	1924.	1925.	1926.
January ...	3,066	7,473	5,155	5,727
February ...	4,712	6,101	4,949	4,615
March ...	5,859	4,925	4,757	6,177
April ...	7,988	6,169	5,769	7,160
May ...	8,861	3,356	7,386	7,060
June ...	10,386	2,364	4,732	3,492
Total ...	40,872	30,388	32,748	34,231

The total of German emigrants during the first half-year is given as 43,231. This figure includes 334 persons emigrating via the port of Amsterdam in March, 53 in April, 43 in May and 56 in June. Among the emigrants in the first half of 1926 were 349 citizens of the Reich already domiciled abroad, the corresponding figure in the first half of 1925 being 231.

The number of persons emigrating via German ports in the first half of 1926 was 32,131 (16,861 via Bremen and 15,720 via Hamburg), while 2,100 persons emigrated through foreign ports. Details of emigration through the individual ports are as follows:—

	1st quarter 1926.	2nd quarter 1926.	First half of 1926.	1925.
Hamburg ...	7,563	7,707	15,270	16,028
Bremen ...	7,504	9,357	16,861	14,641
Danzig ...	4	20	24	7
Rotterdam ...	1,147	152	1,299	1,260
Antwerp ...	121	275	396	248
Total ...	16,519	17,712	34,231	32,748

In addition to the 32,131 Germans emigrating through the ports of Bremen and Hamburg, 16,676 foreign emigrants passed through these ports in the first half of 1926, as compared with 8,451 in the first half of 1925.

Of the current half-year's total 8,411 foreigners emigrated in the first quarter and 8,265 in the second.

The total number of German travellers via Bremen and Hamburg, inclusive of emigrants, amounted in the first half-year to 40,748, and that of foreign travellers to 26,227. The number of persons coming into the country was 37,969, so that the number of passengers passing through the two ports represented a total of 104,944 persons in the first half of 1926. Nearly half of the German emigrants (15,647) travelled first or second class on board ship, 16,484 making use of the third class accommodation. Of the 16,676 foreigners only 1,347 persons travelled first or second class, 15,329 travelling third class. In this category it appeared that in the main less well-to-do people are seeking employment abroad.

Among the 34,231 German emigrants in the first half of 1926, particulars as to occupation were entirely lacking in respect of 1,719 persons, and a further 3,497 persons (including 2,007 persons capable of employment and 1,490 dependents) exercised no occupation, or had no fixed occupation. Of the remaining 29,015 (84.8 per cent.) Germans, 21,285 (73.4 per cent.) were breadwinners and 7,730 (26.6 per cent.) were dependents of emigrants. The breadwinners were divided as follows: 3,973 (including 400 independent persons) represented agriculture and forestry (18.7 per cent.), 8,261 (636 mining, industry and building (38.8 per cent.), 4,431 (369) commerce and communications (20.8 per cent.), 668 administration, military, ecclesiastical or independent professions (3.1 per cent.), 318 sanitary or welfare work (1.5 per cent.) and 3,634 domestic work or wage labour of various kinds (17.1 per cent.). Among the individual industrial groups the largest quota falls to the group iron and metal, electro-technical and fine mechanical industries with 3,467 bread-winning emigrants (42 per cent. of the total industrial emigrants). Then follow the building trade with 1,205 (14.6 per cent.), the ready-made clothing trade with 830 (10 per cent.), the foodstuffs and delicacies trade with 741 (9 per cent.), the wood and carving trade with 671 (8.1 per cent.), the textile industry with 493 (6 per cent.) and the mining industry with 353 (4.3 per cent.). (*Wirtschaft und Statistik*, Oct. 6.)

HUNGARY

POLITICAL AND GENERAL

First and Second Report of the Minister of Finance.

—In lieu of the monthly reports of the League of Nations Commissioner General for Hungary, who relinquished his office on June 30 last in accordance with the League's decision, the Hungarian Minister of Finance will issue every month a survey of the financial and general economic situation of the country. The first of these Reports covers the month of July, the second the month of August.

First Report.—The preliminary estimates for the first month of the financial year 1926-27, viz. July, have been drawn up in kronen and pengö currency. The net expenditure and revenue items for July and August 1926 in comparison with those for July and August 1925 are as follows:—

	Preliminary estimates, July 1926.		Preliminary estimates, July 1925.	
	Milliards of kronen.	Millions of pengö.	Millions of gold kronen.	Millions of gold kronen.
Expenditure	632	50.6	43.6	45.4
Revenue ...	509	40.7	35.1	36.0
Deficit ...	123	9.9	8.5	9.4

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	Preliminary estimates, August 1926.			August 1925.
	713	57.1	49.2	45.8
Expenditure	713	57.1	49.2	45.8
Revenue ...	718	57.5	49.5	44.3
Surplus ...	5	0.4	0.3	—
Deficit ...	—	—	—	1.5

July is usually a poor month in respect of the collection of revenue, while in August many of the quarterly dues are received. The net deficit for the two months is 118 milliards of kronen, or 9.5 mill. pengö, or 8.2 mill. gold kronen, as against a net deficit for the corresponding months in 1925 of 10.9 mill. gold kronen.

Ordinary Treasury receipts collected during July amounted in all to 27.5 mill. pengö (343.8 milliards of kronen or 23.7 mill. gold kronen); pledged receipts totalled 23.7 mill. pengö (295.8 milliards of kronen or 20.4 mill. gold kronen). The grand total from all sources thus amounted to 51.2 mill. pengö (639.6 milliards of kronen or 44.1 mill. gold kronen). The actual result for July was thus an improvement on the estimates. The situation of the account of the Hungarian State Loan of 1924 was on July 31 last about Kr.12.5 (gold) higher than estimated, since this amount was advanced for the purchase of the necessary silver for minting and has to be refunded after the issue of the pengö currency.

The development of Posts, Telegraphs and Telephones in July was satisfactory. Although the turnover in July is usually below the average, the month closed with a surplus of 593,127 pengö. The State railways also realised a substantial surplus.

Referring to the contract signed on July 23 last with Messrs. N. M. Rothschild and Sons, Baring Brothers and Company, Ltd., and J. Henry Schroeder and Company for a loan of £2,250,000, the Report states that 80 per cent. of this loan will be used for the construction of high roads. The loan is for 20 years and was issued at 92 per cent., but the net annual rate of interest runs to 9.61 per cent.

The effective note circulation was increased by 28.9 mill. pengö during the month of July, but the amount of debts immediately maturing was diminished by some 16.6 mill. pengö. The bill of exchange portfolio of the National Bank figured at 161.5 mill. pengö at the end of the month, or 3.6 millions lower than at the end of June. The metal and foreign bills stock of the Bank rose by 6.6 millions during the month, as a result of an increase of 20 millions in gold stocks and a decrease of 13.4 millions in silver and foreign bills.

At the end of July the total deposits at the Post Office Savings Bank amounted to 135.8 milliard kronen, while the number of depositors rose in July by 1,333 persons, attaining an aggregate of 1,252,263. The current accounts represented a total of 1,972 milliards, so that the aggregate amount of all deposits was approximately 2,108 milliards of kronen. General deposits at other leading banking institutions also showed a tendency to rise during the month of July.

Second Report.—The net preliminary estimates for September provide for a surplus and are as follows in comparison with the estimates for September 1925:—

	Preliminary estimates, September 1926.			Preliminary estimates, Sept. 1925.
	Milliards of kronen.	Millions of pengö.	Millions of gold kronen.	Millions of gold kronen.
Expenditure	641.3	51.3	44.2	44.2
Revenue ...	644.3	51.5	44.4	43.6
Surplus ...	3.0	0.2	0.2	—
Deficit ...	—	—	—	0.6

Although the preliminary estimates for August and September provide for a surplus, the total of the monthly estimates from the beginning of the financial year 1926-27 (July 1) to September 30 results in a deficit of 115.7 milliards of kronen, or 9.3 mill. pengö, or 8 mill. gold kronen, as against 11.5 mill. gold kronen for the corresponding period in the preceding financial year.

The total of ordinary Treasury receipts and pledged receipts collected during the month of August is shown in the following table, in comparison with the returns for August 1925:—

	August 1926.		August 1925.	
	Milliards of kronen.	Millions of pengö.	Millions of gold kronen.	Millions of gold kronen.
Ordinary receipts	645.0	51.6	44.5	37.2
Pledged „	321.7	25.7	22.2	20.4
Total ...	966.7	77.3	66.7	57.6

The Report hereupon gives a detailed list of the various items of capital investment for productive purposes that the Government is empowered to make to the account of the 1924 Hungarian State Loan (League of Nations Loan) and also by the application of budgetary surpluses. The grand total of such payments amounted to 1,666.9 milliards of paper kronen or 114.9 mill. gold kronen. The situation of the State Loan account underwent no appreciable change during the month of August.

In comparison with the preceding year the traffic of the Post Office department (including telegraphs and telephones) showed a considerable improvement in August. The returns of the State railways were similarly higher, the passenger traffic having increased by 31 per cent. The railways registered a surplus of 4.1 mill. pengö. The passenger returns of the Danube-Savo-Adriatic railway were not so good; nevertheless the goods traffic increased by 20 per cent.

The National Bank expected in August a brisk demand for bill credits, in connection with the general harvesting; events were, however, otherwise, and it was able to augment its portfolio by 2.4 mill. pengö. Foreign export bills came in irregularly on account of the retarded harvest and consequently belated exports. Nevertheless, metal stocks rose by 16 mill. pengö. The joint total of the effective and the virtual note circulation was augmented by 25.8 mill. pengö, while cover touched 55.02 per cent. as against 54.62 per cent. at the end of July.

The deposits at the Post Office Savings Bank continued to develop satisfactorily during the month of August, ordinary deposits having grown by 13 milliards of kronen, thus reaching the figure of 148.8 milliards at the end of the month. The number of depositors increased by 1,860 persons. Including the current account items, which also improved during the month, the aggregate of deposits at the end of August was 2,367.6 milliards of paper kronen. Similar developments were also noted at the other banking institutions.

After referring to the satisfactory course of business at the Budapest Exchange, the Report proceeds to deal with the development of foreign trade and with the harvest prospects. (The trade figures up to the end of August are reproduced below, under "Trade," whilst the latest crop returns are given under "Agriculture.")

A favourable feature in Hungary's economic life is the steady decline in insolvencies. In April the total of bankruptcies and arrangements for the benefit of creditors was 266; in May, 248; in June, 249; in July, 172; and in August, 139. Since the first three months of the year there has also been a regular decline in unemployment. The highest number of registered unemployed was 30,918 in March; in August the number had fallen to 24,310.

(The full details of the First Report are given in the *Pester Lloyd* of September 1; of the Second Report in the issue of October 7.)

FINANCE

General Financial Intelligence.—On August 25 the National Bank of Hungary reduced the discount rate from 7 per cent. to 6 per cent.

The Minister of Finance has fixed the rate of interest on Customs credits at 7 per cent. per annum, the new regulation to apply to credited Customs debts as at and from September 1 last.

The *Pester Lloyd* of October 12 announces that the Minister of Finance has made arrangements with Messrs. Speyer and Company, of New York, for a loan of 9 mill. dollars for the Hungarian municipalities. The conditions of the loan are more favourable than those of previous loans.

A group of Hungarian textile concerns has organised a trade bank under the name of the Confodantia Bank, to serve the interests of the textile combine in respect to sales, to control insolvencies and to collect debts owing to the combine. It is expected that the activities of this new bank will tend to check insolvencies in the textile branch.

A new bank, to be known as the Anglo-International Bank, Limited, is being formed to take over the business of the Anglo-Austrian Bank and the British Trade Corporation. The nominal capital is fixed at £2,000,000 in £1 shares, of which the sum of £1,960,000 will be paid up.

TRADE

Foreign Trade Returns January to August.—

The total volume of Hungary's foreign trade during the first half of the present year attained the figure of Kr.666 mill. (gold), as compared with Kr.605 mill. (gold) and Kr.538 mill. (gold) for the corresponding period in 1925 and 1924 respectively. Imports were valued at Kr.367 mill. (gold) and exports at Kr.299 mill. (gold), resulting in an adverse balance of Kr.68 mill. (gold), whereas the adverse balance of trade in the first half of 1925 was but Kr.60 mill. (gold). In view of the general increased activity in the commercial exchanges with abroad, the slight growth in the adverse balance is not regarded as of consequence. The figures of the main divisions of imports and exports for the period January to June 1926, as compared with those for the first six months of 1925, are as given below:—

	Quantity (in tons).		Value (in millions of kronen).		Percentage of total value.
	1925.	1926.	1925.	1926.	1926.
<i>Imports.</i>					
Timber, raw & worked	892,050	1,017,398	30.6	37.2	10.16
Cotton fabrics	5,444	4,375	46.5	40.0	10.08
Coal ...	421,586	521,799	17.5	22.1	6.02
Woollens ...	1,268	894	24.5	19.5	5.32
Raw tobacco	1,563	3,823	7.1	17.1	4.66
Cotton yarn and twine	2,605	3,107	13.5	16.0	4.38
Paper and goods ...	19,741	26,579	9.1	13.6	3.72
Machinery & apparatus	5,958	5,989	12.3	12.5	3.41
Raw metals	4,527	7,737	6.3	11.1	3.02
Mineral oils	22,001	47,381	3.6	7.1	1.96
Leather, tanned	545	588	6.4	7.1	1.94
<i>Exports.</i>					
Live stock (head) ...	129,801	149,840	40.2	42.2	14.17
Wheat ...	28,380	108,935	11.1	33.4	11.16
Flour ...	84,846	53,013	47.6	26.5	8.87
Eggs ...	10,375	12,031	13.1	18.6	6.22
Bacon and pork fat...	2,734	8,579	4.9	15.9	5.32
Maize ...	54,266	100,247	11.3	14.6	4.89
Rye ...	25,261	52,785	8.6	10.3	3.45
Meat, fresh & preserved	2,292	4,986	4.3	8.8	2.95
Sugar ...	30,983	25,258	11.1	8.5	2.84
Electric machinery & apparatus	1,509	2,078	5.7	7.6	2.55
Machinery & apparatus	7,206	4,866	10.4	7.0	2.34

The increase in imports of timber was largely due to the revived building activity in the country. Imports of cotton fabrics have, it will be noted, fallen off by about 10 mill. kronen; there was also a considerable drop in the importation of woollens, whereas cotton yarn and twine imports rose by some 2.5 millions. Notable increases were also registered in coal, raw tobacco, paper and paper goods, raw materials and mineral oil imports. Among exports live stock has taken the lead-

ing position, formerly held by flour, the latter commodity having declined by over Kr.20 mill. Wheat exports were, however, trebled, and bacon and pork fat exports more than trebled. With the exception of flour, meat, and machinery and apparatus (other than electric) the remaining categories of exports all showed an improvement on last year's figures.

The trade balances of the different months in the period under survey are as follows (+ = favourable; — = adverse): January, + 0.2 (—28.2 in 1925); February, — 12.4 (— 18.9); March, — 21.4 (— 5.5); April, — 18.4 (— 6.0); May, — 8.8 (+0.1); June, — 7.0 (— 1.3).

Imports in July were valued at Kr.64.5 mill. (gold) and exports at Kr.47.4 mill. (gold), the adverse balance being Kr.17.1 mill., which is higher than the average adverse balance for the first six months. The course of trade showed no notable variations on previous months, with the exception of an advance in the importation of machinery and apparatus and a further decline in flour exports.

The August returns represent a marked improvement in the commercial exchanges with foreign countries, a favourable balance of Kr.2.4 mill. (gold) being registered, despite an increase in imports. Goods imported figured at an aggregate value of Kr.68 mill. (gold), while exports rose in value to Kr.70.4 mill. as against only Kr.47.7 mill. (gold) in July. In most categories of imports increases were recorded; but there was a falling off in the demand for machinery and apparatus and for cotton yarn and twine. The improved results for the month were largely due to the rise in the exportation of wheat, flour and rye, which was to be expected at this season. In August 70,465 tons of wheat to the value of Kr.19.1 mill. (gold) were exported, as against 16,100 tons to the value of Kr.4.6 mill. (gold) in July. Flour consignments abroad likewise rose from 4,536 tons to the value of Kr.2.1 mill (gold) in July to 17,819 tons to the value of Kr.7.9 mill. in August; and rye exports from 16,546 tons to the value of Kr.3.3 mill. in July to 29,081 tons to the value of Kr.5.2 mill. (gold) in August. The adverse balance of trade for the first eight months of the present year figures at Kr.82.6 mill. (gold), as against Kr.55 mill. (gold) for the corresponding period last year, *i.e.* a regression of Kr.27.6 million (gold).

AGRICULTURE

Harvest Report.—The latest official report on the general harvest in Hungary gives the following returns of the various crops in comparison with the figures for 1925 (in millions of quintals):—

	1926.	1925.	Decrease (in quintals).
Wheat	18.83	19.50	673,000
Rye	7.62	8.26	637,000
Barley	4.93	5.53	604,000
Oats	3.47	3.70	232,000
Maize... ..	20.02	22.34	2,322,000
Potatoes	18.32	23.09	4,770,000
Sugar beet	13.67	15.27	1,603,000

The general harvest is, it will be noted, far less satisfactory than in 1925. The distribution of the crops among the large estates and small holdings is, perhaps, of some interest (in per cent. of total crops):—

	Large estates.	Small holdings.
Wheat	34.0	66.0
Rye	34.0	66.0
Barley	38.0	62.0
Oats	51.5	48.5
Maize	32.0	68.0
Potatoes	32.5	67.5
Sugar beet	90.0	10.0

With the exception of the cultivation of oats and sugar beet most of the agricultural production of the country is in the hands of the small holders. It is estimated that the total production of raw sugar will render about 80,000 tons available for exportation, after satisfying the home demand. (*Pester Lloyd*, October 10.)

SOCIAL AND LABOUR CONDITIONS

Socialists' Memorandum on the Conditions of the Workers.—The Hungarian Social Democrats have found it necessary to make an appeal to the Social Democratic organisations in the neighbouring States to come to their assistance in opposing the systematic oppression of the working classes by the Hungarian Government. They make this appeal in a special memorandum in which a detailed account is given of the hard living conditions of the Hungarian workers and of the political oppression to which they are subject. According to this memorandum the scheme of finance reform in Hungary has been carried through really at the expense of the poorest classes. The unemployed in Hungary, who now number 150,000, do not, as compared with the unemployed in other countries, receive any unemployment pay, so that their standard of living is a deplorable one. The mortality from tuberculosis is, it is stated, greater in Hungary than in any other country in Europe. The labour movement in the country is paralysed by the system and methods of election which result in the Social Democratic party obtaining only one-third the number of seats in Parliament to which they would be entitled under a secret ballot. The Labour Press, as well as that of the progressive *bourgeoisie*, is exposed to the greatest persecution. During the post-war years the editorial staff of the Social Democratic *Nepszava* have, for quite insignificant causes, been sentenced in the aggregate to fourteen years' imprisonment and to fines amounting altogether to 425,500,000 Hungarian kronen. Many Socialists who were imprisoned during the early post-war years are still in gaol. The policy of terror pursued by the Government is likewise the explanation of the fact that large numbers of Hungarian exiles are to be found in every European country. These *émigrés*, who represent the intellectual flower of the Hungarian nation, are allowed to return only in exceptional cases. The memorandum calls Socialist parties in other countries to assist the Hungarian Socialists in the endeavour to remove the present régime in Hungary. (*Central European Observer*, Oct. 1.)

Annual Report of the Labour Bureau.—The State Labour Bureau has recently issued a report on the activity of this institution during the past year. The following figures are those of main interest. The Labour Bureaux at Budapest, Debrecen, Győr, Miskolc, Pécs, Sopron, Szeged and Szombathely offered in 1925 a total of 54,467 vacancies to be filled; of these 28,691 were for male workers, 23,087 for females and 2,689 for learners. The total number of applicants for posts was 98,340, of which 64,950 were males, 31,767 females and 1,613 learners. There were 180 applicants to every 100 vacancies, as against 135 in the preceding year. Vacancies filled amounted to 39,451. Compared with the figures for 1924, the number of vacancies dropped by 30 per cent., the number of unemployed applicants by 7 per cent., and the number of vacancies filled by 20 per cent. The situation in the labour market was worse than in the preceding year, particularly in the Budapest district. Most of the unemployment was to be found among the skilled male workers, of whom there were 258 applicants for every 100 vacancies.

The Cost of Living.—According to the *Pester Lloyd* monthly index of retail prices in Hungary there was a further drop in the cost of living during August and September last. The general index number moved from 14,823 at the beginning to 14,538 at the end of August, or a drop of 1.9 per cent. Reckoned on a gold basis the movement was from 1.03 to 1.01. Excluding rent the index numbers were respectively 16,978 and 16,603, or in gold value 1.18 and 1.15. This favourable development was continued throughout September, when there was a further drop of 1.3 per cent. Full details of prices ruling in September are given in the *Pester Lloyd* of September 30 last. The improvement may be mainly attributed to the lower price of bread.

POLAND

TRADE

Increased Coal Exports.—The coal stoppage in Great Britain has proved a veritable godsend to the Polish industry, especially as it has occurred in the middle of the "dead" season. The following figures, extracted from an article by Dr. Karl Uhlig in the *Mitteleuropäische Wirtschaft, Neue Freie Presse* of September 11 last, are in themselves sufficient to indicate the exceptional benefits that have accrued to Poland through Great Britain's misfortune. The table below compares the output and exports of Polish Upper Silesia with the development in Ostrau and German Upper Silesia (in thousands of tons):—

Coal Output.

1926.	Ostrau.	Polish Upper Silesia.	German Upper Silesia.
Monthly average first quarter ...	798	1,647	1,435
April ...	659	1,624	1,200
May ...	634	1,650	1,209
June ...	702	1,869	1,326
Increase on April (tons) ...	43	245	126
" " " (per cent.) ...	6	15	11

Coal Exports.

1926.	Ostrau.	Polish Upper Silesia.	German Upper Silesia.
Monthly average first quarter ...	95	534	63
April ...	67	611	48
May ...	80	614	50
June ...	95	1,173	164
Increase on April (tons) ...	28	562	116
" " " (per cent.) ...	42	92	242

Later advices put the total coal exports for July at 1,835,000 tons, of which 637,000 tons were shipped to Great Britain as against only 221,000 tons in June. In normal times no Polish coal is, as a rule, consigned to Great Britain. Exports to Sweden increased by 65,000 tons, to Italy by 25,000 tons, and to Hungary by 17,000 tons. During the past two months Poland has practically doubled her coal exports.

INDUSTRY

The Zinc and Lead Industry.—Among the mineral riches of Poland zinc and lead occupy a most prominent place. Poland ranks second in Europe as regards the output of zinc and third in the world. The world production of raw zinc and Poland's share therein are shown below (in thousands of tons):—

	1913.	1923.	1924.
World production of zinc ...	1,001.0	955.0	1,005.0
United States ...	320.0	482.0	485.1
Belgium ...	204.0	148.0	163.0
Poland ...	192.0	96.4	93.1
Germany (without Upper Silesia) ...	111.7	32.4	41.5
Poland's production in relation to the world production (in percentage) ...	19.2	10.1	9.3

The deposits of zinc ores are situated in the western part of former Russian Poland in the north-western regions of Galicia, and also in Upper Silesia. Zinc ores of the three regions mentioned sometimes contain a certain amount of lead ore. In addition lead ore is to be found independently of zinc ore.

The zinc deposits mined in Poland for a hundred years and more contain a certain amount of blende in the lower strata, and calamine in the upper strata. They are located in the southern parts of the Bedzin and Olkusz districts and contain a small amount of lead and iron compounds. The irregularity of zinc ore beds and the presence of water render extraction somewhat difficult and adversely affect prospecting and the cost price of the mineral. Zinc ores of former Russian Poland contain about 9 per cent. of zinc and from 2 to 3 per cent. of lead. Pyrite beds are situated in the Swietokrzyskie mountains and large reserves of this material have been found in Karczówka, near Kielce. The reserves of zinc ores in former Russian Poland have not so far been definitely calculated.

In Galicia the amount of lead contained in ores extracted reaches 15 per cent., and they contain some 3 per cent. of zinc; calamine and lead ores form separate small beds; the deposits are deep beneath the surface, and there is some difficulty in getting at the mineral because of water. Here and there, at a substantial depth, blende is to be found. Calamine in a raw state contains about 12 per cent. of zinc. The restoration of these mines is very difficult, and they have not been worked since the war. The large lead mine known as the "Matilda," owned by the Tiesche Company Ltd. of Katowice, is to start operations only in 1927.

In Upper Silesia the average percentages of metal in crude ore are as follows: blende, over 20 per cent. of zinc and about 4 per cent. of lead; calamine, about 14 per cent. of zinc. The largest deposits are located in the vicinity of Bytom and Tarnowskie Góry. The deposits are at a depth of 30 to 80 metres in seams 4 to 6 metres thick, though seams of up to 15 metres are frequently encountered. The conditions for revival are very favourable, as the amount of water is, on the whole, very moderate. In the upper beds lead ore and calamine with an admixture of blende and lead ore predominate. The richest deposits of the last mentioned minerals are to be found separately in the regions near to Tarnowskie Góry, which contain from 10 to 15 per cent. of lead (in a crude state). Unfortunately during the German rule in Upper Silesia these reserves of ores were completely exhausted. The exploitation of blende may still be carried on for some 30 years, and of calamine for about half that period.

The output of zinc and lead ores and the production of zinc and lead in the different regions of Poland are given in the following tables (in tons after being enriched):—

OUTPUT OF ZINC AND LEAD ORES.

	Calamine.	Blende.	Lead ore.	Pyrites.	Iron workmen ore. employed.
(a) Former Russian Poland.					
1913 ...	65,056	—	2,884	—	1,549
1919 ...	30,199	2,084	178	723	618 1,367*
1920 ...	28,740	3,685	901	4,073	1,679 1,623*
1921 ...	33,538	5,975	754	3,965	62 1,314*
1922 ...	29,966	12,276	1,161	4,832	1,678 1,322*
1923 ...	31,194	10,152	887	4,711	2,683 1,416*
1924 ...	23,350	13,205	1,427	5,468	2,935 879*
1925 ...	29,076	19,650	1,769	8,577	791 969†
(b) Former Austrian Poland.					
1913 ...	1,530	—	7,143	—	— 592
(c) Polish Upper Silesia.					
1913 ...	104,850	308,924	37,272	1,970	29,240 8,762
1922 ...	36,692	178,043	15,250	1,620	3,655 6,883
1923 ...	48,799	165,898	14,161	997	2,797 7,365
1924 ...	48,037	188,775	11,488	1,401	780 7,880*
1925 ...	72,417	246,564	19,561	2,426	301 8,411†

* At the end of the year. † Provisional figures.

PRODUCTION OF ZINC.

	Spelter.	Zinc dust.	Cadmium (kilo-grammes).	50 per cent. sulphuric acid B6.	Number of workmen employed.
(a) Former Russian Poland.					
1913 ...	7,601	604	—	—	660*
1919 ...	2,175	12	—	—	437*
1920 ...	2,567	38	—	—	582*
1921 ...	2,754	4	—	—	632*
1922 ...	3,526	93	—	—	688*
1923 ...	4,078	415	—	—	737*
1924 ...	4,742	389	—	—	720*
1925†	5,028	466	—	—	722*
(b) Former Austrian Poland.					
1913 ...	14,958	207	not available	16,963	1,207*
1919 ...	2,477	418	available	2,766	930*
1920 ...	2,971	129	"	7,146	913*
1921 ...	3,257	125	"	10,300	828*
1922 ...	5,600	200	"	not available	1,001*
1923 ...	7,783	406	13,602	24,692	1,342*
1924 ...	10,679	80	8,445	24,289	1,263*
1925 ...	11,166	—	—	32,762	1,133*

(c) Polish Upper Silesia.

1913 ...	169,439	7,149	38,575	255,589	12,151
1919 ...	74,023	2,020	38,735	121,171	10,492†
1920 ...	81,412	3,492	20,852	183,329	10,254†
1921 ...	62,930	1,972	21,564	129,248	9,234†
1922 ...	75,610	3,411	24,777	181,825	9,428
1923 ...	84,543	4,179	24,691	198,682	9,988
1924 ...	77,669	3,985	10,258	150,518	9,803*
1925 ...	98,151	2,928	3,555	214,796	8,907*

PRODUCTION OF LEAD.

Silver
Refined (kilo- Glaze. Number of
lead, grammes). workmen
employed.

(a) Former Austrian Poland.

1913 ...	2,696	3,400	—	Included in the statement of zinc foundries.
1919 ...	67	178	142	
1920 ...	464	—	—	
1921 ...	481	—	—	
1922 ...	51	—	41	

(b) Polish Upper Silesia.

1913 ...	39,922	7,389	2,904	777
1919 ...	17,788	2,360	723	812
1920 ...	17,166	3,112	574	761
1921 ...	13,025	1,661	619	748
1922 ...	13,869	2,955	811	749
1923 ...	15,301	4,073	613	671
1924 ...	15,279	10,569	773	614‡
1925 ...	20,413	15,938	638	646‡

* At the end of the year.

† Up to 1921 inclusive of rolling mills allotted to Germany.

‡ Provisional figures.

In former Russian Poland there are two zinc foundries and one zinc rolling mill, put in operation in 1920 ; these establishments are not organised for the working of blende, because they are exclusively adapted to calamine. The installations are mainly composed of old ovens, and dispose of a small number of spacious muffles. The ore now extracted is not as rich as it used to be before the war, so that the output has fallen off, and the amount of coal consumed increased up to from 16 to 20 tons for one ton of zinc.

There is in former Austrian Poland one foundry equipped with all modern appliances and specially adapted for the working of blende and lead ore and the manufacture of sulphuric acid. Some time ago it was operated on Upper Silesian coke and on coal coming from the Cracow district, while the raw materials had to be imported from Australia and Carinthia ; at present being owned by the Giesche Company Limited, of Katowice, this foundry utilises Silesian ores, and the necessary fuel is provided by the coal mines of the company. Since 1922 lead has not been produced at that foundry.

In Upper Silesia, where the ores worked are richer in metal than those utilised in former Russian Poland, and the foundries are equipped with modern appliances, the amount of coal necessary for the production of 1 ton of spelter varies from 6 to 8 tons. (*The Polish Economist*, October.)

SPAIN

POLITICAL AND GENERAL

The Tangier Question and Spain's Withdrawal from the League of Nations.—On September 10 last the Spanish representative at Geneva submitted his Government's formal two years' notice of the withdrawal of Spain from the League of Nations. The note explained that Spain did not wish to adopt this procedure until the Assembly had pronounced the admittance of Germany ; in effect, this means that since Germany had been granted and Spain denied a permanent seat on the League Council, Spain had no alternative but to withdraw. The withdrawal of Spain has been coupled with her demands respecting Tangier ; but the Spanish Government has declared that the connection between Spain's demand for a seat on the Council of the League and her demand to incorporate Tangier is due to the coincidence of the two matters coming up for settlement at the same time.

In a note issued at the end of August the Minister of Foreign Affairs stated that the Spanish Government considered that the final solution of the Tangier problem would lie in the incorporation of the international zone in the Spanish protectorate zone of Morocco, to which Tangier was so closely attached and on which it was dependent for its economic development. Such incorporation, if approved by the Powers that signed the Tangier Convention, would necessarily be made subject to an agreement not to fortify it or to use the port as a naval or air base, to respect freedom of trade, and to establish an administration giving equal justice to all. The Spanish Government had never contemplated receiving a mandate from the League of Nations over Tangier. In later discussions, Spain has modified her former claims, the main object now being to secure a preponderating right in the internal administration.

FINANCE

Revenue Returns for July.—The sums collected by the Treasury in July, the first month of the current financial year, exceeded by approximately Ptas.10 mill. the total for July 1925. The table below shows the amounts yielded by the different tributary sources in July 1926 as compared with those collected in July 1925 (in millions of pesetas):—

	1926.	1925.
Territorial taxes ...	3.6	4.5
Industrial taxes ...	3.8	3.0
Profits taxes ...	25.0	25.1
Royalty dues ...	16.5	12.7
Customs ...	47.4	49.0
Tobacco monopoly ...	22.7	21.6
Stamp duties ...	24.1	18.2
Other taxes, etc. ...	40.5	39.2
Total (in pesetas) ...	183,813,017	173,622,822

Increases were registered in industrial taxes, royalty dues, the tobacco monopoly, the stamp, sugar, transport and matches duties, the mines tax and also in the miscellaneous impositions. Customs receipts receded by approximately Ptas.1.6 mill., while there was likewise a decline in the receipts of the territorial and profits taxes, in addition to those of personal bills, the property taxes, the alcohol and beer duties, and the consumption tax. (*El Trabajo Nacional*, September.)

Current Taxation.—The Spanish Government has published a Note giving a general outline of the taxation to be in force for the second half of the current year, which period is to be of a provisional character, pending the introduction of a new financial year commencing on January 1 next. With regard to direct taxation, the profits tax will remain as hitherto, while the methods of collecting the industrial tax will be simplified and rendered more flexible, without, however, increasing its incidence. The territorial tax will be increased, but not in a general manner, as the augmentation will only affect non-assessed property and property assessed

The
Czechoslovak
Market

A Monthly Review

Published on the 1st of
Every Month.

Publishing Offices : 25, Havlickovo nam. Prague II.
Annual Subscription, including postage, 10/-.
Advertisement Rates on application.

prior to 1914. Of the other direct taxes, only the Royalty dues will be modified and collected under the Decree Law of April last. The indirect taxes will remain the same as heretofore, with the exception of the stamp tax, which will be administered under the Decree Law of May 11. The tax on articles of luxury, as it is still under investigation, will not be put into force for the time being, and, except for a slight modification in the match tax, there will be no changes in the Government monopoly taxes, while only unimportant alterations will be made in certain State participations in the taxes on property improvements, etc.

Following upon the above statement by the Spanish Government regarding the taxation to be enforced during the second half of the current year, a Treasury Decree has now been published, states a cabled report from Madrid to the Anglo-South American Bank, establishing various modifications in the territorial tax. The principal changes are as follows: (a) an increase of 25 per cent. in the net tax payable on rural property; (b) a maximum increase of 20 per cent. on the net tax payable on property in urban districts and assessed on valuations made prior to 1915; (c) an increase of 25 per cent. on the tax payable on registered but non-assessed buildings and approved building sites; (d) a maximum increase of 20 per cent. on the net tax payable on registered buildings and building sites whose assessments were made prior to 1917 and have not since been revised. The above increases, however, will not be generally applicable to property which, for any reason, has been valued for taxation purposes by the Revenue Authorities in, or subsequent to, the year 1917.

TRADE

British Steel Trade with Spain.—British trade has received a serious blow by the provisions of the recent Spanish Royal Decree respecting imports, states the *Journal of the British Chamber of Commerce for Spain* (August). This applies more especially to fine steels, which trade with Spain has been steadily increasing and has been cultivated by a number of Sheffield steel makers for many years past.

The Royal Decree in question completely prohibits the import of fine steels into Spain to constitute stocks, except in the case of concerns having contracts with Spanish Government Departments or Public Services, but allows actual consumers to continue buying from abroad provided they comply with conditions which are practically impossible, as anyone who has any knowledge of Spanish Government administration methods will readily appreciate. The conditions imposed are such that they can never be surmounted, owing to the difficulties which will be put in their way of being carried out.

These arbitrary methods have been obtained, it is said, by the only maker of fine steels in Spain to protect his own industry, which industry has only been established a few years, and which cannot, by a very long way, adequately cope with the demands of the Spanish market, due to the lack of skilled labour in steel manufacture and the many years' experience necessary to be able to produce a first-class product, as also to a lack of the necessary "gates" to roll the many special sizes and sections which the market requires.

The trade generally, i.e. the consumers of fine steels, have never been consulted in the matter. In the *Revista de Economía y Hacienda* of August 7 last is reproduced the protest sent to the Spanish Government by the Unión Industrial Metalúrgica de Barcelona, which is a representative association of steel users in Barcelona. In this, they say that, while appreciating the Spanish Government's intention to protect national industries, they cannot adhere to the Government's policy of restricting the importation of raw materials.

The present Royal Decree is not technically a breach of the existing Commercial Treaty between the two countries, but theoretically it is, as it restricts the free interchange of merchandise, and is considered by the

Sheffield makers of fine steels to be a distinctly unfriendly act on the part of Spain. Pressure is being brought to bear on the British Government to get the matter remedied.

The Protection of Industry.—By Royal Decree the recommendations of the Council of National Economics are to be adopted in regard to measures for the immediate protection of Spanish industries, states a cabled report from Madrid to the Anglo-South American Bank.

Under the Decree in question tariff protection and other assistance will be afforded to agricultural, cotton, iron and steel and other manufacturing companies.

The importation of foreign wheat and flour is prohibited; the Government will grant subsidies on exports of wheaten flour; and substantial increases have been made in the "first" and "second column" tariffs on imported rye, barley, maize, garbanzos and other agricultural produce.

A committee is to be set up to control the production and exportation of cotton yarns and textiles, and assistance will be given to the export trade in these goods by means of long term credits and cash subsidies, the funds for the latter being provided out of an import tax of five centimos per kilogramme on raw cotton. The building of new cotton and other textile factories is prohibited, except by special Government permit.

For the purpose of protecting the Spanish iron, steel and other manufacturing industries, various modifications have been made in the import duties on raw and semi-manufactured goods, machinery, vehicles, etc., by introducing variations in classification and by applying increases varying from 10 to 25 per cent. of the current rates in the Customs tariff. These increases also apply to imported cotton, silk, linen and woollen goods.

The additional duties will not, however, be applicable to any items in the Spanish Customs Tariff which are specifically covered by existing commercial treaties, so long as the latter remain in force. [The present Anglo-Spanish Trade Treaty expires on April 23, 1927, subject to either of the contracting parties giving notice six months prior to that date of its intention to terminate the treaty. Failing such notice, the treaty is to remain in force until the expiration of six months from the date on which either of the contracting parties shall have denounced it.]

A further Royal Decree, dated August 12, stipulates that goods arriving in Spain under contracts made prior to the 14th of July last may be provisionally cleared through the Customs provided that (a) double the amount of import duties be deposited as a guarantee, so that, should importers not submit, within a maximum period of forty-five days, the relative claims and documents as specified in the Royal Order dated the 6th of August, one-half of the amount so deposited will be forfeited; and (b) that the guarantee above specified be returned when the proper permit is presented by the importer.

AGRICULTURE

Harvest Report.—The latest advices from the various agricultural centres of Spain indicate that the wheat crop will probably be somewhat above the average for the past few years. It is estimated that the total crop will be between 4.25 mill. and 4.5 mill. tons, as against nearly 4 mill. tons last year. The barley crop may be below that of last year, but slightly above the average of recent years, yielding probably rather over 2 mill. tons. The oats crop is very promising and will probably result in a total yield of about 650,000 tons. The maize harvest, on the other hand, is turning out very unsatisfactorily, and the Government has decided to authorise the importation of 150,000 tons in order to meet the needs of the country. (*La Noche*, Sept. 28.)

Single copies of *Foreign Affairs*, an American Quarterly Review, may be obtained of all leading booksellers or through the International News Company Limited, 5, Bream's Buildings, London, E.C.4, price 6s. 6d. Annual subscription 26s., post free.—*Adv.*

COMMUNICATIONS

River Confederations.—In order to develop decentralisation and to encourage local initiative the Spanish Government has introduced a new régime for the control of the rivers of the Peninsula, for which purpose River Confederations are to be created. Such a confederation will consist of the various bodies that use the river basin for industrial, irrigation, hydraulic power or other State or private purposes. A Royal Commissioner will be appointed at the head of each confederation. The plans for the exploitation of the river Ebro have already been drawn up. Irrigation in the river basin will extend over an area of some three million acres, and it is proposed to produce about 1.2 mill. h.p. of electrical energy, or about four times the present production. The work on the Ebro project will probably take eight or nine years before completion; the estimated total cost is approximately Ptas.350 mill. In addition to the work of irrigation and the production of further electrical energy, the aim of the confederation will be to render the river more navigable than at present. The Ebro Confederation is an autonomous concern and is issuing bonds to the equivalent value of about one and a half million sterling. It is expected that similar developments will shortly take place in connection with the other main rivers of Spain.

New Spanish Line to South America.—During recent years Spain has been making strenuous efforts to develop her relations with the Spanish-speaking republics of South America. The latest evidence of this development is, according to *La Nación* of October 18, the decision of Messrs. Ibarra and Company, the well-known shipping house of Seville, to establish a new line of regular sailings to Brazil, Argentina and Uruguay. At the present time much of the goods traffic between Spain and South America is in the hands of foreign shipping lines. Messrs. Ibarra and Company hope by the introduction of ships built on the most modern principles and well equipped with cold storage compartments, etc., to be able to wrest a good portion of this trade from the foreign lines. It is reported that the question of introducing motor vessels is also being considered. A special appeal is to be made to Spanish industrial and commercial concerns to lend every possible support to the new venture, especially as the Spanish Government at present only subsidises the regular passenger services between Spain and South America, and not the lines carrying goods only.

Maritime Transport Returns for 1925.—The Customs Administration has published particulars of the ocean-going traffic of Spain and the transport taxes thereon for the year 1925. The following table of comparative figures for the last quarter and for the whole year shows that there was a considerable reduction in the imports during the latter part of the year. Although the total takings of the last quarter were slightly below the quarterly average for the whole year, the actual number of passengers and the volume of goods transported were considerably higher than the average.

1925, last quarter.			
Class.	Merchandise (in kilogrammes).	Number of passengers.	Transport tax total (in pesetas).
First ...	2,455,563,096	68,603	1,457,850
Second ...	5,422,218,514	14,706	7,683,255
Third ...	513,635,742	33,927	1,161,712
Total ...	8,421,417,952	117,782	10,302,817
1925, whole year.			
First ...	9,405,908,695	135,813	4,580,499
Second ...	15,016,473,494	44,750	29,872,254
Third ...	1,934,420,423	91,413	7,799,293
Total ...	26,356,802,612	271,976	42,252,048
Quarterly average ...	6,589,200,653	67,994	10,563,012

(*España Económica y Financiera*, July 17.)

THE ECONOMIST'S BOOKSHELF.

SOME REFERENCE BOOKS ON GERMANY.

Department of Overseas Trade.—Report on the Economic and Financial Conditions in Germany 1925-26. By J. W. F. THELWALL, M.C., assisted by Mr. C. J. KAVANAGH. (London: H.M. Stationery Office. Price 4s. 6d. net.)

Die Wirtschaftskurve mit Indexzahlen der Frankfurter Zeitung. Unter Mitwirkung von ERNST KAHN, Jahrgang 1926. Hefte I.-III. (Frankfurt a/M.: Frankfurter Societäts Druckerei, 1926.)

It is hardly necessary to comment on the excellence of the Department of Overseas Trade publications. The care and skill with which these reports are produced has won them universal recognition, and has made them an invaluable source of information for business men, politicians and economists alike. If the latest report on Germany has attracted more than usual attention it is not only because it reveals in a striking manner the enormous effort achieved by Germany on the way to reconstruction, but also because it can serve as a lesson to those responsible for this country's well-being. In the light of recent developments in Great Britain, and particularly after the announcement of the creation of a powerful British Chemical Trust, readers will do well to study carefully the pages devoted to the combination and amalgamation movement in Germany. "This method of strengthening an industry to which the German has always been particularly prone has received a fresh impetus under the difficulties of stabilisation," says the Report. Since the publication of the report new and very important developments in the same direction have occurred, and it can be confidently asserted that this process is by no means terminated yet. "Germany's chief task, to the accomplishment of which she will devote all her energies," quite rightly remarks the Report, "is the formation of new capital to replace that which was destroyed in inflation. There can be no doubt that she will complete it successfully; that she has already made a good beginning is proved by her banking and foreign trade returns." The extent to which Germany has recovered from the effects of her economic, financial and, we are tempted to say, social crisis is very considerable and is depicted in concise and authoritative fashion by the two British Commercial Secretaries at Berlin.

Those who can read German will find some more extremely valuable information in the quarterly summaries of Germany's economic situation published by the *Frankfurter Zeitung*. The "Wirtschaftskurve" presents a well compiled summary of economic developments in Germany in the quarter immediately preceding its publication; out of a wealth of material it extracts certain topics of special interest and submits them to a careful scientific analysis. But the editors of the "Wirtschaftskurve" are aware of the very close connection of their country with the rest of the world and of the economic interdependence of most countries. That is why in every issue they give brief "International Reviews" which contain all the salient features in the economic developments of the world in the period under review. Further, realising the great importance of the

FOREIGN BANK RATES.

Per cent.		Per cent.		Per cent.	
Amsterdam	3½	Dublin.....	6	Prague	6
Athens	11	Geneva	3½	Reval	10
Belfast	6	Helsingfors ..	7½	Riga	8
Belgrade	7	Kovno.....	7	Rome	7
Berlin	6	Lisbon.....	8	Sofia	10
Brussels	7	Madrid	5	Stockholm ..	4½
Bucharest ...	6	Moscow	8	Tokyo	6.57
Budapest	6	New York ...	4	Vienna	7
Copenhagen ...	5	Oslo	5	Warsaw	10
Danzig	5½	Paris	7½		

The official discount rates of the State Bank in Moscow for bills at two months is 8 per cent., for bills at four months 9 per cent. and for bills at six months 9½ per cent.

concentration movement in Germany and abroad, every issue of the "Wirtschaftskurve" is accompanied by diagrams picturing some big combine of world-wide importance (e.g. the Standard Oil, or the German Chemical Trust), with short explanatory articles bearing on them. As we have already mentioned, the matter is dealt with scientifically, and next to the usual features, such as statistical tables and indices of all kinds, and reports on the Bourse, money market, foreign trade, housing, wages, the import of capital into Germany, the industrial situation, etc., etc., practically in every issue we find an article of great theoretical interest, e.g. "The Psychology of the Intensity of Labour in Industrial Undertakings," by Paul Lewin, in Volume I., 1926. The desire for and the necessity of acquiring some knowledge of economic developments is strongly felt nowadays by many people whose interests and activities lie in an entirely different sphere. Even those who have to face economic problems every day either as teachers or as practical business men often find it difficult to form an opinion or to take a decision. If such people are fortunate enough to be able to read the "Wirtschaftskurve" they would find that many of their difficulties have been solved for them, or at least that they are greatly assisted in solving them by the very able body of men who compile the "Wirtschaftskurve."

G. S.

SHIPPING.

The Islanders. By ARCHIBALD HURD. (London: Cassell & Company, Ltd. Price, 3s. 6d. net.)

Archibald Hurd has already established an enviable reputation as a writer on maritime problems. His fluent and graceful style has captivated a wide and appreciative audience. In "The Islanders" we find an admirable portrait of Britain's fundamental economic position as determined by the inevitable effects of geographical circumstances, and an impressive reminder that we depend almost entirely for our sustenance on foodstuffs carried from abroad. The object and scope of this work is to appraise the services rendered by the shipping industry and to establish the relation between the enterprise of shipowners and the progress of the community.

The author points out that the sea is the natural highway of the scattered British people. Sea transport is cheaper than land transport, as the sea needs no upkeep or incurs no overhead charges. Our island position has proven to be a vast but incalculable commercial asset. The British Empire is a series of islands connected rather than severed by water. The acceleration of imperial communications by sea and air will lead to increased trade between ourselves and the Dominions. From the mere freight point of view there is little to be said against this conclusion, except that there seems no logical ground for confining the conclusion to the Dominions. Trade depends upon exchangeability of commodities as well as upon communications. The potential value of markets depends upon the consumption of the inhabitants and the extent to which this is liable to alteration by the introduction into their markets of commodities for which the demand can be developed. Obviously the prices of these commodities must be within the reach of potential consumers. In addition to this weakness, an imperial trade policy which the author seems to favour and which is in the air at the moment, another obstacle lies in the remoteness of certain parts of the Dominions. This remoteness, which causes transshipment, long railway freights and heavy handling charges, leads one to the inevitable conclusion that for numerous commodities trade prospects are more favourable in foreign countries with larger populations and more convenient delivery points.

Mr. Hurd defends the policy of shipping conferences and fixed rates. There is no doubt that the shipping lines which sail to schedule times and charge fixed rates of freight in prosperity and adversity have a right

to secure themselves against the competition of small owners who guarantee no continual service, but who are ready to come in when profits are high. When all things are considered the conference rates are logically worked out and their affixation resulting in the stabilisation of the freight market tends to facilitate the trans- action of business.

Archibald Hurd's literary style needs no commendation here. The arrangement of the book leaves nothing to be desired. The book is a pure delight from beginning to end. Readers will wish for more.

D. M. S.

PUBLICATIONS RECEIVED.

A View of Sierra Leone. By Frederick William Hugh Migeod, F.R.G.S., F.R.A.I. (London: Kegan Paul, Trench, Trubner & Co., Ltd. Price, 31s. 6d. net.)

Economics of Production of Grade "A" (Tuberculin-tested) Milk. By V. Liversage, B.Sc., N.D.A. (Oxford: The Clarendon Press. Price, 2s. net.)

International Labour Review. October 1926.—International Labour Office. (Geneva.—London: George Allen and Unwin, Ltd. Price, 2s. 6d.; annual subscription, 24s.)

Journal des Economistes: Revue mensuelle de la Science Economique et de la Statistique. October 15, 1926. (Paris: Librairie Félix Alcan. Price, Fr.9; annual subscription, Fr.70.)

Labour Migration in England, 1800-50. By Arthur Redford, M.A., Ph.D., Sir Ernest Cassel, Lecturer in Commerce in the University of London, Reader in Economic History in the University of Manchester. (Manchester: The University Press.—London: Longmans, Green & Co. Ltd. Price, 15s. net.)

Pitman's Business Man's Encyclopædia and Dictionary of Commerce. Third edition. Part I. (London: Sir Isaac Pitman and Sons Ltd. Price, 1s. 3d. net.)

Report on the Commercial, Economic and Financial Conditions in Japan to June 30th, 1926. By R. Boulter, C.M.G., Commercial Secretary, His Majesty's Embassy, Tokyo.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. 6d. net.)

Sociála Meddelanden utgiva av K. Socialstyrelsen. 1926, No. 10. (Stockholm: P. A. Norstedt & Söner. Price, 50 öre; annual subscription, Kr.5.)

The Calcutta Review. September 1926. (Calcutta.—London: Kegan Paul, Trench, Trubner & Co., Ltd. Price, Re.1; annual subscription, 16s.)


The Canada Year Book 1925: the Official Statistical Annual of the Resources, History, Institutions and Social and Economic Conditions of the Dominion. Published by authority of the Honourable Jas. A. Robb, M.P., Acting Minister of Trade and Commerce. (Ottawa: King's Printer. Price, \$3, post free.)

The English Poor in the Eighteenth Century: a Study in Social and Administrative History. By Dorothy Marshall, M.A., Ph.D. (Cantab.). (London: George Routledge & Sons, Ltd. Price, 12s. 6d. net.)

The Islanders. By Archibald Hurd. (London: Cassell & Company, Ltd. Price, 3s. 6d. net.)

The Journal of Political Economy. October 1926. (Chicago.—London: The Cambridge University Press. Price, 4s.; annual subscription, 22s., post free.)

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

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

Single copies of *Foreign Affairs*, an American Quarterly Review, may be obtained of all leading booksellers or through the International News Company Limited, 5, Bream's Buildings, London, E.C.4. Price 6s. 6d. Annual subscription 26s., post free.—*Adv.*

STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.
1920.			1923.			1925.			1926.		
Jan. 16	367.9	296.6	Apr. 20	198.5	162.0	Jan. 16	174.8	171.0	April 16	148.1	143.6
May 14	391.2	325.5	July 20	177.3	156.5	Feb. 13	175.2	168.9	May 21	150.2	144.9
July 16	418.8	316.9	Oct. 19	166.0	158.1	Mar. 13	172.8	166.3	June 18	151.7	146.5
Dec. 17	257.0	263.8	1924.			April 17	161.9	162.5	July 16	153.9	148.7
1921.			Jan. 18	178.6	165.4	May 15	158.7	159.0	Aug. 20	155.8	149.1
Jan. 14	244.2	245.9	Feb. 15	187.9	167.0	June 19	160.6	157.6	" 27	154.7	
Apr. 15	202.8	204.8	Mar. 14	182.1	165.4	July 17	160.3	157.5	Sept. 3	154.8	
July 15	194.4	194.1	Apr. 18	177.5	164.7	Aug. 14	158.6	157.0	" 10	151.5	
Oct. 14	170.2	180.7	May 16	171.2	163.7	Sept. 18	158.3	155.1	" 17	152.6	150.9
Dec. 16	153.2	167.9	June 20	167.8	162.6	Oct. 18	154.1	154.8	" 24	151.5	
Dec. 30	150.0		July 18	167.1	162.6	Nov. 13	153.2	153.7	Oct. 1	150.9	
1922.			Aug. 15	175.3	165.2	Dec. 18	153.0	153.2	" 8	151.5	
Jan. 20	144.0	164.0	Sept. 19	167.9	166.9	1926.			" 15	151.2	
May 19	162.1	160.6	Oct. 17	172.5	170.2	Jan. 15	151.6	151.3	" 22	149.8	
July 14	165.1	160.3	Nov. 14	173.3	169.8	Feb. 12	148.4	148.8			
Sept. 15	161.2	154.3	Dec. 12	171.7	170.1	Mar. 12	146.1	144.4			
Dec. 15	161.2	155.8									

TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921.	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												
July 28	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	July 28
Sept. 29	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	Sept. 29
Nov. 3	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												
May 18	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
Oct. 12	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	Oct. 12
Nov. 16	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												
Feb. 15	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
July 11	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
1925.												
Feb. 27	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	Feb. 27
Oct. 30	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	Oct. 30
1926.												
Feb. 5	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	Feb. 5
Mar. 26	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	Mar. 26
June 18	73.6	163.6	60.4†	121.1	83.5	109.4	89.9	127.3	105.1	77.6	101.15	June 18
Aug. 6	77.8	176.5	60.4†	127.2	88.2	103.1	97.1	136.8	98.5	78.8	104.44	Aug. 6
Oct. 15	94.3	189.5	60.4†	106.1	63.1	106.2	102.9	105.9	91.6	88.2	100.82	Oct. 15
" 22	94.3	184.0	60.4†	111.4	61.7	106.2	102.9	106.7	85.3	85.9	99.88	" 22

† Nominal. * Revised Quotation.

SECURITY PRICES.

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

IN NEW YORK.				IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending	Indus- tri-als.	Bonds.*		Indus- tri-als.	Gilt edged.	Week ending	Indus- tri-als.	Bonds.*	Indus- tri-als.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7	1925, Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6	" 17	151.8	101.9	137.8	117.5
Aug. 20	80.3	90.4		105.4	93.3	June 6	158.2	105.3	128.0	115.3
Oct. 29	91.1	92.0		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	Jan. 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	205.5	106.3	123.9	113.5
" 19	119.1	100.1		119.1	112.2	Oct. 9	186.4	106.5	127.9	111.6
June 21	115.3	103.3		118.2	118.0	" 16	181.1	106.6	127.5	111.6
Nov. 8	130.1	103.7		133.7	120.4	" 23	184.4	107.2	127.9	112.0

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

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Crystal Carbohc Acid (39/40° C).	Liquid Carbohc Acid (Cresylic Acid).
Creosote.	Disinfecting Fluid.
Pyridine.	Pitch.
Naphthaline (in various forms).	Toluole.
Liquid Ammonia.	Sulphate of Ammonia (25½% Neutral Quality).
Prussiate of Potash.	Prussiate of Soda.

The **GAS LIGHT & COKE CO.,** DAUNTSEY HOUSE
FREDERICK'S PLACE
OLD JEWRY
LONDON E.C. 2

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Inland, "Blangus, Thread, London."

BALLOON BRAND