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# CONTENTS

COMMENTS ... .. 441	LITHUANIA ... .. 451	
<b>SPECIAL ARTICLES</b>		
Fifteenth Conference of the Russian Communist Party.—Economic Conditions in Soviet Russia 443	General Economic Conditions The Russo-Lithuanian Non-Aggression Pact The Budget for 1927 Foreign Trade Returns for the First Eight Months The Port of Memel	
<b>ECONOMIC SURVEY</b>		
AUSTRIA ... .. 444	RUSSIA ... .. 454	
Economic Conditions at the Beginning of November	The Grain Campaign, Foreign Trade and the Chervonetz The Supply of Fuel Oil to Industry The Standard Wage	
BULGARIA ... .. 446	SWITZERLAND ... .. 456	
Alteration of the Statutes of the National Bank Foreign Bank Pressure on Bulgaria Foreign Trade Returns for the Half-year Imports of Automobiles The Cereal and Tobacco Crops Development of Silk Growing	Economic Policy and Situation Foreign Trade Returns for August Benzine and Coal Imports Decline of Agricultural Activity Increase in Unemployment	
FRANCE ... .. 447	YUGO-SLAVIA ... .. 458	
The Question of the Floating Debt Franco-German Agreement on the Sarre Trade The Movement of Prices in October The Coal Output in September New Quotas of Production under the International Steel Pool	The Steel Cartel and Yugo-Slav National Economy Provisional Draft of the Budget for 1927-28 Budgetary Situation April to June New Credit Policy of the National Bank	
GERMANY ... .. 449	Foreign Bank Rates... .. 459	
Economic Improvement in October Improved Bourse Quotations in October The Coal Output in September Norddeutscher Lloyd's Further Increase of Capital The Labour Market in the Third Quarter The Cost of Living	<b>THE ECONOMIST'S BOOKSHELF</b>	
	England's Economic Crisis... .. 460	
	Publications Received ... .. 460	
	<b>STATISTICAL SECTION</b>	
	The Trade Barometer ... .. 461	
	Security Prices ... .. 461	

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## COMMENTS

At the meeting of the Royal Statistical Society held on Tuesday evening, the President, Lord D'Abernon, delivered his inaugural address, taking as his subject "German Currency: Its Collapse and Recovery, 1920 to 1926." The period was divided into two portions, namely, the years of decline 1920 to 1923, and the years of recovery 1923 to 1926. In the autumn of 1923 the value of the old German currency had fallen to one million-millionth of its original value, and the old paper mark was no longer accepted in payment. Grave political trouble threatened the State, and a rapid process of disintegration appeared probable. The progress of recovery since that date had been remarkable. To-day currency stability was firmly established, the Budget was in equilibrium, and, while the financial world in Germany was not yet prosperous, it was working on normal lines towards prosperity. The real causes of the catastrophic fall in the German mark were, as outlined by Lord D'Abernon, (1) an inadequate appreciation of the danger involved in an unregulated issue of bank-notes, and (2) the demands made for reparation payments, which involved forced public expenditure by the German Government without regard to the effect of those payments on State finance. The prevailing views held on currency in Germany up to 1923 were peculiar. It was generally held that the amount of internal currency in circulation had but little influence upon its external value, the latter being determined mainly by the passivity or activity of the trade balance. Acting on that erroneous theoretical view, the German Government considered that the only method of curing monetary scarcity was to increase the circulation. Consequently, the issue of notes increased with rapidity. The result of those gigantic issues was that the value of the mark fell from 771 marks to the £ at the end of 1921 to 18½ million millions to the £ in November 1923. Lord D'Abernon thought it even more interesting that the fall in gold value proceeded at a greater rate than the increase in the notes in circulation. The result of this was that, while the total value of marks in circulation at the end of 1921 was £147,000,000 sterling, it sank gradually through 1922 and 1923, so that in October 1923 the total value of the note circulation in Germany was less than £10,000,000.

THE period of recovery began at the end of September 1923, and its progress was lucidly described by Lord D'Abernon. The principal lesson to be learned, his Lordship affirmed, was that after a period of inflation the stability of a currency could only be restored if the following pre-conditions were present. The issue of paper notes must be strictly limited, and strict limitation must be proclaimed in such a manner as to inspire confidence in the public. Large and unrestricted issues did not increase the aggregate gold value of the currency medium in circulation, but reduced it. Those classes in Germany which in the end suffered the most heavy losses through inflation were those who were most favourable towards it in the early stages. They imagined that loans contracted on a given date and repayable six months later in paper would then be repaid on very advantageous terms, and they not unnaturally held that

a currency dispensation which facilitated such pleasant business could not be wholly vile. As long as currency depreciation remained within moderate limits their calculation was sound, but currency depreciation did not remain moderate, and all the profits which they had acquired were destroyed when the ultimate crash arrived. One of the interesting facts singled out by Lord D'Abernon regarding the inflationary period was that, while the State practically defaulted upon its public debt, and while the total loss to creditors, public and private, was not less than £10,000,000,000 sterling, the effect had not been to diminish the habit of saving. From all parts of Germany it was now reported that the desire to put money by and to place it in savings banks and other institutions was wider than it was before the war. The fear that the debtor might not observe his engagements was overpowered by the consideration that he had not much to repay, having cleared off all his earlier indebtedness. Another observation drawn by Lord D'Abernon from the German experience concerned the view that foreign exchange is fundamentally dependent upon balance of trade. This view, he considered, found no support in any parallelism between the larger curves of exchange and trade balance, but it has been responsible for much which is erroneous and indeed disastrous in the financial policies of countries involved in currency difficulties. In Germany the prevalence of belief in this theory probably retarded stabilisation for nearly two years. The theory is, thought Lord D'Abernon, based upon a confusion between the influences which affect the wave movement on the surface with the more powerful forces which govern the tidal action below. The surface may be ruffled—the tide flows on.

THE conclusion of an international aluminium agreement has been greeted in most countries with considerable enthusiasm. The agreement does not involve the formation of a "trust" to the same extent as the recently concluded steel pact. The British aluminium industry has joined the international syndicate thus formed, which covers all European countries except a portion of the industry situate in Norway and which is reputed to be controlled by American interests. The countries chiefly concerned are Switzerland, Great Britain, France and Germany. The Italian branch of the industry is involved through strong French influence, and the Austrian through Swiss influence. The agreement concerns itself mainly with the regulation of prices, the exchange of processes and the expansion of markets. No quotas have been fixed for production and no regulation of markets has been attempted. It is contemplated that if important changes in production and markets occur, the members of the syndicate shall make the necessary adjustments among themselves. With regard to markets, it is understood that the members of the syndicate agree to leave each other's national markets alone. There is no question for the moment of Customs changes, so that the prohibitive Italian duty, the French 85 per cent. duty, and the German import prohibition will, all of them, remain in force. The German protection is regarded as little more than a measure against dumping. The

Government is forced to grant an import permit for any genuine foreign offer which is better than home offers, if the home industry, almost a State monopoly, is not prepared to offer the same terms. The system enables a complete register of offers to be kept and affords the Government an opportunity of ascertaining whether foreign exporters are seeking to enter the German market by dumping methods. The new syndicate represents about 47 per cent. of the world production of raw aluminium. The remainder of it is controlled mainly by the Aluminium Company of America. It is understood to be the policy of the new European syndicate to stabilise the price of raw aluminium at its present price of about £105 per ton. The agreement, as it stands at present, has been concluded, in the first instance, for two years.

THE Tax Commissioners in Sweden have decided to remove the lien which they placed some time ago upon the dividend money now accruing for payment to Messrs. Higginson & Co. on behalf of British shareholders in the Swedish Match Trust, the reason given for this being that they have received a certificate from chartered accountants showing that during the period in question Messrs. Higginson did not possess any shares in the Match Trust, and that, therefore, they found it only reasonable to raise the embargo. The whole question of the taxation of foreign shareholders in the Match Trust stands where it was before this action was mooted. Some of the names of shareholders have been obtained, but the amount relating to those known is not more than 300,000 Swedish crowns, in other words, a mere fraction of the dividend payment which came to this country. Further efforts are now to be made in order to get as many of these shareholders taxed this year as possible. Messrs. Higginson's own amount of tax for the current year has been fixed at about 12,000 Swedish crowns, which corresponds to the amount of dividend in the Match Trust which they have drawn for their own account.

THE annual report of the Commissioners of Customs and Excise for the year ended March 31 last was issued on Tuesday. The total revenue in 1925-26 amounted to £237,758,000 as against £235,007,000 in 1924-25, an increase of £2,750,000. The new duties imposed in 1925, including the revived McKenna Duties, produced just over £4 million. Apart from this there were increased receipts from tobacco, beer, and some minor items, while the receipts from a number of other duties, notably spirits, sugar and entertainments, showed a decline. The sources of our imports, from the aspect of Imperial preference, differentiating between Empire and foreign goods, are briefly set out. The principal products obtained within the Empire are rum, 94.7 per cent.; raw cocoa, 91.9 per cent.; tea, 87.1 per cent.; coffee, 49.9 per cent.; raisins, 36.4 per cent.; motor cars, etc., 36.9 per cent.; and sugar, raw and refined, 22.6 per cent. Tobacco is only 10.9 per cent., cinematograph films 0.5 per cent., and silk and artificial silk 0.7 per cent. Duty was paid on 20,517,402 barrels of beer. The amount of tea on which duty was paid, 406,194,158 lb., has only been twice exceeded. With the reduction of the sugar duty a big increase in consumption ensued, the total of 35,407,734 cwts., which included 1,473,690 cwts. of home-grown sugar, being the highest recorded in the tables. During the year there were 7,897 seizures of smuggled goods, while the number of persons convicted of smuggling was 3,412. The total amount recovered in penalties was £12,176. In the non-revenue work of the Department is included old age pensions. In Great Britain, during the year, the claims to old age pensions were 225,000 as against 247,000 in the preceding year, and the number of "questions" raised was 32,000 as against 94,000 in the preceding year. As a result of the enquiries made 29,000 claims were not allowed, and 18,000 pensions granted already were revoked. The total number of

pensions payable at the end of the year was 1,071,000 as compared with 1,011,000 at the end of the year 1924-25.

AN agreement between the Air Ministry and Imperial Airways Limited for the establishment of a Civil Air Transport Service between Egypt and India has been made public. In the course of an explanatory statement the Secretary of State for Air states that the agreement, which is for a period of five years from the date of the first flight, provides for the establishment by the Company not later than January 1, 1927, of a regular fortnightly service with three-engined machines in each direction between Egypt and India, via Bagdad and Basrah, for the carriage of mails, goods and passengers. While the agreement contemplates the eventual institution of a weekly service as a natural development, it has not been found practicable to prescribe the full service. The survey of the route carried out in September 1925 pointed to the necessity of employing three-engined machines in order to minimise the risk of forced landings, and the number of such machines required for a weekly service would have called for a greater capital expenditure than the Company felt justified in incurring for the subsidy offered them. The maximum annual subsidy that can be earned is £93,600. If this is earned in full in each of the five years, and should the cost of the ground organisation falling on the Air Ministry reach the estimate of about £65,000 over the whole period, the total cost of the scheme will be brought slightly above the figure of £500,000 mentioned in the Supplementary Estimate. Any profit on the working of the service, being carried into the profit and loss account of the Company, will accrue towards repayment to the Government of the subsidies received by the Company under the European Agreement of May 15, 1924, to the extent that the profits earned under that Agreement are repayable in accordance with its terms.

The institution of this service will make it possible to terminate the fortnightly mail service between Egypt and Iraq hitherto performed by the Royal Air Force, and arrangements have been made accordingly (subject to overriding military necessities) to withdraw from Iraq a squadron of the Royal Air Force with a substantial net saving to the State.

AN order for a huge floating dock at Singapore, estimated to cost £1,200,000, has been received by Messrs. Swan, Hunter and Wigham Richardson, Limited, of Wallsend. The work will create much employment on the Tyneside, where prospects have become much brighter since Jarrow received an order for the construction of a new cruiser and several other orders have been placed elsewhere. The details of the Singapore Dock scheme have not yet been made known, but it will in all probability prove to be one of the largest of its kind afloat. Some idea of what the size will be may be gathered from the dimensions of the battleship Nelson, now nearing completion on the Tyne. This vessel is 702 feet long and has a displacement of 35,000 tons. At Singapore the dock facilities for repair will require to be equal to the demands of the Nelson, and, it may be, still larger vessels in the future. Work will be begun on the new dock when the coal strike is over, and it is probable that it will follow the precedent of the Southampton floating dock and be built in sections. Thousands of tons of steel will be required, and this will mean much to the steel works in the neighbourhood, which have been idle for some time past. Further contracts benefiting British industry have been received during the past few days. Messrs. Sumner, Mayoh and Haley, Limited, of London, have secured a contract for the construction of 26 miles of tube railway in Buenos Aires. It is estimated that this will cost £10,000,000, while the requisitions for the job will cover a wide field. The new tube will link up the main railway stations and business centres in Buenos Aires.

## 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.)

### FIFTEENTH CONFERENCE OF THE RUSSIAN COMMUNIST PARTY.

#### ECONOMIC CONDITIONS IN SOVIET RUSSIA.

*(From our Russian Correspondent.)*

The Fifteenth Conference of the Communist Party in the Union of Soviet Socialist Republics sealed the victory of the Central Committee of the party over the opposition. The struggle with the opposition, however, was only a part of the work of the Conference. At the back of this effective stage display there lurked the far less edifying picture of the economic situation of the country as revealed in the various reports and speeches. These made a pretty bad impression on the minds of the delegates, who returned to their respective provinces with slight renewed confidence in the immediate economic future of the country. All the speakers insisted that the times were serious and even critical, that the difficulties before them were enormous, and that the question which overweighed all others at the present moment was the economic question, and particularly the industrial question. The fight of the opposition against the policy of the Government is, to a certain extent, a matter of personalities; but at the bottom of it, as has been made clear by Rykoff, is the economic situation of the Union and the question of the right policy to be pursued in order to grapple with the crisis. The delegates have gone home then deeply impressed by the economic condition of the Union of Soviet Socialist Republics as pictured to them by the Conference. They realise that the Soviet State system has come to the end of one stage of its career, that it is on the threshold of a fresh stage, and that the difficulties to be overcome in the future are far greater than those of the past.

A situation such as this demanded, at the hands of the leaders of the party and of the Government, a strong and well defined policy and remedies the efficacy of which was beyond question. From this point of view the Conference left a bad impression on the delegates, or at any rate on those delegates who do not belong to the herd of blind followers but are able to look the situation in the face. The leaders of the party rejected the proposals of the opposition, which aimed at obtaining the necessary resources for the industrialisation of the country by increasing the taxes which lie heavy on the peasants and by raising the prices of goods produced by Soviet industry. Succeeding speakers then enumerated one after the other the various sources that might be capable of supplying the necessary revenue, and concluded that none of these could supply the Government with the enormous sums required for the development of production, even on a much smaller scale than in previous years. In the circumstances what is to be done? Where is the money to come from? In the first place, the Budget will have to provide it: the Government will have to begin, in order to satisfy the most urgent requirements, by a further reduction of credits, inadequate as these already are; and if it is to secure the necessary resources for the industrialisation of the country it will have to carry out a policy of low wages and increase the financial burden actually borne by the industrial proletariat (seeing that the taxation of the peasantry is not to be increased and that the attenuated bourgeoisie has already been bled white).

Let us now see a little more closely how the various speakers described the present stage of development of the economic life of Soviet Russia and examine the remedies they put forward in order to cope with existing difficulties. All the delegates to the Conference who spoke on the economic situation of the Union of Soviet Socialist Republics were agreed that the country had now reached the close of the stage of evolution which they characterised as "the stage of reconstitution." The distinctive features of this stage are, first, the fact that production approximates to the pre-war level,

and, secondly, that the machinery inherited from the previous régime is now completely utilised. To maintain and develop production, even if only slowly, the existing machinery will have to be renewed and reinforced. Rykoff, in his speech, stressed the fact that the Union of Soviet Socialist Republics during the reconstitution stage has equalled the pre-war volume of output, but that, moreover, all the conditions governing production, as compared with those which obtained under the previous régime, have been changed under the Soviet régime. This is undeniable. It is only necessary to show that under these altered conditions the economic equipment of the country has been strengthened and that the means of developing its economic life have been increased. But, on the other hand, it must not be forgotten that pre-Revolution Russia had a mass of liquid capital and enormous stocks of goods such as the Union of Soviet Socialist Republics does not possess.

Bouharine, Rykoff and other speakers made much of the fact that the other European countries also have only just now reached their pre-war level of production. This statement can only be accepted subject to reservations. Take France as an example. It is true that the industrial and agricultural output of France at the present time barely come up to her pre-war output. But what is far more important is that during the period immediately following the war France greatly reinforced the technical and economic foundations on which the whole of her economic activities rest. As Mr. R. Cahill, Commercial Councillor to the British Embassy in Paris, very justly remarked in his recent "Report on the Economic and Industrial Conditions in France," "The foundations of the economic power of present-day France are distinctly stronger and broader than those of the France of 1914."

The period of reconstitution, then, is over. The Union of Soviet Socialist Republics now enters on a new stage, the stage of technical reconstruction. Enormous resources will be required to realise this reconstruction. What are the possible sources from which the Government will be able to provide these resources? Rykoff enumerates them as follows: (1) A new issue of Chervonetz? But Rykoff deems this impracticable, for already now, as a result of the various issues in 1925-26, the circulation is in excess of the requirements of the country, while the effects of inflation were manifest in the course of the past financial year. (2) The profits of industry? But Rykoff has shown that up to the present industry contributes to the Budget far less than it takes under it: according to the estimates for 1924-25, 1925-26 and 1926-27 Russian industry contributed 733 millions and took 1,300 millions. (3) The savings of the country? But Rykoff has shown that the deposits in the savings banks are insignificant and represent no more than 6 per cent. of the total pre-war savings bank deposits.

If a larger share of the profits of industry is immobilised in new plant, the contributions out of profits which industry will be capable of making to the State must necessarily diminish. On the other hand, the credits afforded by the Soviet banks to industrial undertakings are really nothing more nor less than camouflaged Budget subventions. Consequently the question of finding resources wherewith to maintain and develop production is essentially a Budget question. If the Soviet Government does not succeed in obtaining foreign loans, it will be forced to turn to the Budget for the necessary resources. But in the opinion of competent Soviet economists such as Reingold the receipts under the Budget have reached a maximum, and it will be very difficult to increase them in the immediate future.

These circumstances as a whole amply justify the feeling of anxiety with regard to the economic future of the Union of Soviet Socialist Republics disclosed in the reports and discussions of the Fifteenth Conference of the Russian Communist Party.

# 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.)

## AUSTRIA

### POLITICAL AND GENERAL

#### Economic Conditions at the Beginning of November.

—Although the complications of the internal political situation which followed partly in the wake of the Zentralbank affair and partly arose in consequence of the demand for an increase of salaries put forward by the State employees, leading finally to a change of Government, are intimately connected with questions of an economic nature, they cannot overshadow the fact that a marked improvement of the industrial situation has taken place. The publication of the proceedings of the Parliamentary Commission which inquired into the causes which led to the breakdown of the Zentralbank has been immoderately exploited for partisan purposes, but while these exaggerations of a regrettable event have certainly done no good to Austrian economics, they have had no direct influence on industry and trade so far. Activity in Austrian industry does not depend so much on the opinion which may be held here and abroad of some isolated incidents connected with public life in Austria as on a number of material facts such as the level of prices, of Customs duties here and abroad, and of the general ability to compete with foreign countries. While it is certain that unrestrained party strife may in course of time lead to undesirable consequences with regard to the credit of the country, a contingency which would have prejudicial effects on the economic life, no such consequences have so far been noticeable, and if, as is generally expected, the Cabinet under the leadership of Dr. Seipel promises a certain stability, no anxiety need be felt lest the political complications will have an unfavourable influence on the economic life.

*State Finances.*—The position of the State household, on the other hand, exercises a direct influence on the economic life and cannot be divorced from a consideration of the above questions, as the level at which a balance is achieved between expenditure and receipts reacts strongly on the productive capacity of the country. In this connection two main questions, which have not been settled so far, must be taken into account when reviewing the budgetary position, namely the disbursements incurred in connection with the Zentralbank der Deutschen Sparkassen, for the recovery of which no definite arrangement has yet been made, and the demand put forward by the State employees for an increase of their pay. The new Government has

at once entered into negotiations with the representatives of the civil service. The late Federal Chancellor mentioned 80 million schillings as the maximum that could be allotted to meet the requirements of a readjustment of salaries. The demands of the civil servants, if complied with fully, would necessitate an outlay considerably in excess of that figure, but it is likely that a compromise will be effected round about the figure mentioned by the former Government. It is also probable that the additional expenditure can be met without an increase of taxation, as the preliminary accounts published so far show a very favourable development of revenue, which compares as follows with the monthly estimates (in millions of schillings):—

	January 1 to July 31.	Monthly estimates.	Preliminary accounts.
Current expenditure ... ..	473.03	473.90	
Receipts ... ..	497.83	557.87	
Excess of receipts over current expenditure ... ..	24.80	83.97	
Capital expenditure ... ..	83.23	81.86	
Total deficit ... ..	58.43		
Total surplus ... ..			2.11

It should be noted that these figures do not include the disbursements made in connection with the Zentralbank, as these figure as repayable advances in the Current Account. On the supposition that, by virtue of a legislative act based on an agreement between the Government and the financial institutions, this outlay could be approximately balanced by a special item on the revenue side, it is likely that, in spite of the large sums set down for capital expenditure, the year 1926 will close with a surplus, as was the case in 1925. As far as it is possible to draw inferences from the development of revenue in the current year as to the budgetary position in 1927, there is every probability that an increase of the salaries of public servants to the approximate extent indicated by the late Government will be found possible without recourse to fresh taxation. The following table shows the development of gross receipts from federal taxes, as compared with the monthly estimates and with the figures for the corresponding months of 1925 (in millions of schillings):—

	Preliminary estimates.	Actual receipts.
	1926.	1926. 1925.
January ... ..	75.34	75.9 72.8
February ... ..	71.54	83.7 62.2
March ... ..	71.55	77.1 67.4
April ... ..	71.92	85.4 72.4
May ... ..	70.19	80.4 73.4
June ... ..	67.75	77.3 64.7
July ... ..	66.51	82.9 80.8
August ... ..	65.43	75.2 75.7

Federal receipts from taxation during the first eight months of the current year are therefore not only far in excess of the estimates, but also of the figures for the corresponding period of 1925. It should be noted, however, that the revenue from taxation in July approximates very closely to the figure for the corresponding month of 1925, while that for August has dropped to the level of August 1925 or even slightly below.

*Banking and the Bourse.*—A stiffening of private rates took place in the money market at the end of September, which led to a narrowing of the margin between the bank rate and the private rate of discount, the latter having been  $5\frac{1}{2}$  to  $5\frac{3}{4}$  per cent. for finest bankers' acceptances in the course of September. Since the end of that month the private rate of discount has fluctuated between  $6\frac{1}{2}$  and  $6\frac{1}{4}$  per cent. It should be noted, however, that by the middle of October abundant money was already on offer at these rates. The amount of discounts held by the National Bank is still rather low. According to the Bank's return of

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October 15 they stood at 86.5 million schillings, amounting thus to less than 10 per cent. of the note circulation plus current account liabilities, which together figured at 900 million schillings, of which more than 58 per cent. are covered by gold and foreign exchange reserve. The aggregate amount of savings deposits is still on the increase, though the growth was smaller in September than in previous months. The withdrawal of deposits from certain institutions against which certain organs of the Press had waged a violent campaign was responsible for reducing the rate of progress. According to the latest return (Mitteilungen des Direktoriums der Oesterreichischen Nationalbank) savings deposits totalled 832 million schillings. A reform of the Postal Savings Bank has been resolved upon, which is necessary, as that establishment is still working on much the same lines as in pre-war times. The President of the National Bank has been entrusted with the reorganisation, as a result of which a sphere of action in accordance with present requirements will be cut out for the Post Office Savings Bank, while the policy of that institution in regard to credit questions will be brought more into line with that of the National Bank.

Business on the Exchange, which up to the first week of September had been very active at rising quotations, has been mostly quiet since. The reaction was originally caused by the weaker tone which then prevailed on the Berlin Bourse, but the recovery which set in there shortly afterwards has not given any marked impetus to the Vienna market. The threat of a strike of civil servants, which for some time has been in the air, and the artificially fostered agitation over the results of the investigations of the Commission of Inquiry have had a somewhat depressing influence on the Bourse. The general level of quotations is now lower than it was in the middle of September, but the Bourse has shown great power of resistance, which allows one to infer that the market is in a sound technical position.

*Production and Labour Market.*—In most branches of industry conditions have recently improved and this observation is corroborated by the decrease of unemployment, which from the middle of September to the end of October amounted to over 6,000. This phenomenon is quite unparalleled in the economic history of the period since the stabilisation of the currency, as in former years a slow rise of unemployment set in as early as the end of July. In accordance with the seasonal fluctuations observed in preceding years, it was anticipated that the degree of occupation in industry would be smaller in the autumn than at the beginning of summer, while the reverse has been the case. The favourable development in the current year is due to a combination of circumstances. In the first place, the increase of tourist traffic has stimulated business, especially in Vienna. During the period from May to October about thirty large conventions were held here, some of which were of an international character. In the second place, the Commercial Agreement with Hungary, which came into force in the middle of August, has enabled several branches of industry to extend their exports. Finally, the strike in Great Britain has not been without effect on the economic life of Austria, as several countries which are keen competitors of Austria are now busy on English account. Some firms in the steel industry, the tar industry and even lignite mines have benefited from these circumstances, the influence of which has not been limited to these branches, however, but has extended to others in which no direct reaction of the facts related above is traceable. The furniture industry, for instance, which had been depressed for a long time, has been able to engage fresh hands and the turnover of the foodstuffs industry has increased. In view of these facts it has been possible to fix the contribution of industry to the Unemployment Insurance Fund at 10 per cent. below the maximum amount established by law, a contingency which few people were optimistic

enough to anticipate for this time of the year, when the amended Unemployment Act came into force. Up to the beginning of the cold season the building trade will also be occupied, and in view of the constructions planned by the municipality of Vienna this branch of the economic life will be provided with work also next year.

In spite of unfavourable weather conditions in the early summer, the latest harvest estimates indicate very satisfactory results, which are little, if at all, inferior to those obtained last year, when bumper crops were recorded. It would appear that the home requirements of rye and barley are covered to the extent of nearly 100 per cent., and those of oats to the extent of about 90 per cent., by this year's crop, which would appear also to have furnished 50 per cent. of the wheat consumed in Austria. A comparison in percentages of last year's figures of the areas under cereals, the total yield and the yield per acre gives the following results :—

	Area under cereals.	Total yield.	Yield per acre.
Winter wheat ...	101.4	92.3	91.4
Summer wheat ...	99.1	120.2	120.6
Winter rye ...	100.7	88.7	87.8
Summer rye ...	101.1	107.0	106.7
Winter barley ...	101.6	110.2	109.2
Summer barley ...	101.9	107.4	105.6
Oats... ..	100.1	116.9	116.7

*Foreign Trade.*—It is greatly regretted in economic quarters here that the opening of negotiations with a view to the revision of the Treaty of Commerce between Austria and Czechoslovakia is being continually put off. The Czechoslovak Government has repeatedly declared its readiness to enter into such negotiations, but whatever may have been the motive of the delay—there are no doubt good reasons for it—the fact that the Czechoslovak Government has always excused itself from opening pourparlers on that subject is considered here as a serious obstacle to a favourable development of economic conditions, as a revision of the Austro-Czechoslovak Treaty is urgent. Although in the last months for which returns are available the surplus of imports has come near the monthly average of the preceding year and was even lower in July, the trade balance for 1926 will, no doubt, be strongly affected by the high deficit in the first months of the current year. In 1925 the surplus of imports was lowest in the first months of the year, and, from the point of view of the foreign trade balance, the year 1925 was therefore relatively satisfactory. Judging by the figures available so far, the adverse balance in the current year will be of normal extent, i.e. the surplus of imports, though in excess of the surplus for the preceding period, will be much below that for 1924. In opposition to visible exports, invisible exports seem to have been this year in excess of those for the corresponding periods of 1924 and 1925. This is due to a large extent to the increase of the tourist traffic referred to above. This source of national revenue is well worth cultivating, as it may contribute in a large measure to improve the Austrian balance of payments. (*Association of Austrian Banks and Bankers' Report.*)

TOTAL unfilled orders of the cotton spinners at the end of August amounted to 7,700,000 lb. as contrasted with 8,400,000 lb. at the end of June. The Alpine Mining Company reports unfilled orders at the end of September amounting to 27,000 tons, thus showing no change from the situation at the close of July. This company's production of pig iron and of steel ingots for the month of September totalled 24,000 tons each. July figures for this production were 23,000 and 28,000 tons respectively. The production of lignite during August was 220,000 tons, an increase of 10,000 tons over the June figure. Paper production for July amounted to 16,700 tons and for August to 15,800 tons; production of chemical wood pulp for the same two months totalled 15,700 and 15,200 tons respectively.

## BULGARIA

### FINANCE

#### Alteration of the Statutes of the National Bank.—

In connection with the granting of the International Refugee Loan to Bulgaria a Bill is being laid before the Bulgarian Parliament for the alteration of the statutes of the National Bank, based on the recommendations of the Finance Committee of the League of Nations Council. The Bank is to retain its public character, but will become independent of the State. The Bill provides for an increase of its capital from Leva 500 mill. to Leva 1,000 mill. All hypothecary and long term loans are to be transferred to a new bank, the Mortgage Bank, the establishment of which the Government is pledged to undertake within the near future. The details relating to the capital and organisation of this bank have not yet been made known; but it is understood that the Mortgage Bank will not encroach upon the National Bank's privilege as sole issuer of notes. The National Bank will also retain its privileges with regard to short term operations, particularly discounting and re-discounting business. The granting of credit to industry has been transferred by a recent law from the National Bank to an independent and newly founded Industrial Bank.

**Foreign Bank Pressure on Bulgaria.**—Although the International Refugee Loan has, on account of the nature of its application, been granted to Bulgaria on comparatively favourable terms, the European banks to which the loan operation has been entrusted have succeeded in burdening Bulgaria in another way, viz. in respect of the pre-war loans, writes M. JI. Januloff, of Sofia, in the *Oesterreichische Volkswirt* of October 30. These banks, which are either holders themselves or representatives of the holders of the pre-war loan stock, have managed during the course of the negotiations to effect an appreciable improvement in the assessment of gold stotinki to pre-war gold leva. For the interest on the 1902, 1904 and 1907 loans, the holders of which are exclusively British, Dutch and French banks, a successive increase in the gold stotinki as against the lev has been fixed, so that as from April 1, 1927, to April 1, 1948, the gold parity (100 gold stotinki = 1 lev) must be reached, beginning with 49 gold stotinki from 1927 to 1930, and afterwards rising by 7 gold stotinki every three years. A similar procedure has been arranged for other State pre-war obligations (1892, 1896 and 1909) of which full payment in gold must be effected after April 1, 1951. Analogous conditions have also been stipulated for the annual amortisation of the remaining State loans. The sole consolation for Bulgaria is the fact that provision is made for a revision of the agreement should the economic situation in Bulgaria render such valuation impossible. Notwithstanding this saving clause, the terms are particularly onerous for Bulgaria in her present struggle for economic reconstruction.

### TRADE

**Foreign Trade Returns for the Half-Year.**—The course of Bulgaria's commercial exchanges with foreign countries during the first six months of the present year marks a decided improvement on the figures for the corresponding period of last year, in spite of the continued excess of imports over exports. The data published by the official Statistical Bureau at Sofia show that imports during the above-mentioned period were valued at Leva 2,931,044,000 and exports at Leva 2,626,733,000, resulting in an adverse balance of Leva 304,311,000, as compared with imports at Leva 3,694,394,000 and exports at Leva 2,544,693,000 and an adverse balance of Leva 1,149,701,000 for the corresponding period of 1925. The adverse balance would not have been so heavy had the volume of incoming goods not been unusually augmented during the last two or three months of the half-year on account

of the execution of numerous State deliveries. As a rule the autumn months are favourable to the export trade, so that the balance for the year will probably be far better than that of last year.

Among imports, textile goods, metals and metal wares, machinery and instruments occupy the most important positions in respect of value. The figures for the main categories of imports are as follows (in leva): Textile goods, 1,043,040; metals and metal wares, 581,017,000; machinery and instruments, 353,275,000; chemicals, 107,037; oils and fats, 103,467,000; leather, 99,897,000; timber and articles of wood, 95,202,000; automobiles and general vehicles, 95,202,000. Although textiles still hold the leading position they have somewhat receded in comparison with previous periods, and the present volume of these imports may be regarded as fairly normal. There has been, on the other hand, a notable increase in the importation of automobiles and vehicles, chemicals, metals and metal wares.

Germany was easily first among the countries supplying goods to Bulgaria during the half-year, her total consignments being valued at Leva 736,447,000. Italy came second with deliveries valued at Leva 448,109,000, and Great Britain third with a total of Leva 380,110,000. The figures for the remaining chief countries of origin are as follows (in leva): Austria, 247,504,000; France, 234,034,000; Czechoslovakia, 183,078,000; Rumania, 139,360,000; Belgium, 138,629,000; and Switzerland, 40,896,000. Germany has considerably improved her position in the Bulgarian market; the total value of goods purchased there amounted to Leva 292,239,000, as against Leva 153,556,000 in June 1925. Consignments from Great Britain show but a slight increase in these two months, the figures being Leva 81,498,000 for June 1926 and Leva 70,678,000 for June 1925. Imports from Belgium were more than doubled, while those from Italy, Austria, France, Czechoslovakia and Rumania show a declining tendency. Germany's favourable position was largely the result of heavy purchases in metals and metal wares, which amounted to Leva 173,786,000 for the half-year, and also in machinery, to the extent of Leva 34,474,000.

The main exports during the half-year were (in leva): Tobacco, 1,042,017,000; eggs, 395,616,000; wheaten flour, 230,588,000; cereals, 212,824,000; live stock, 129,653,000; and attar of roses, 84,991,000. The exportation of eggs fell off towards the end of the period, while that of tobacco, attar of roses and flour was much brisker. The chief foreign markets for Bulgarian produce during the period under survey were, with the total value of the respective exports, as follows (in leva): Greece, 528,782,000; Germany, 479,022,000; Italy, 285,340,000; Czechoslovakia, 193,910,000; Austria, 166,225,000; France, 137,104,000; Switzerland, 126,650,000; Poland, 114,542,000; and Rumania, 16,283,000. Exports to Greece, consisting almost entirely of grain, were forced during the latter months of the half-year, in view of the proposed changes in the duties to take effect as from the beginning of October.

The present Government is adopting the policy of granting concessions to foreign capital with a view to more thoroughly exploiting the country's natural resources. Important agreements have already been made with German, British and Austrian groups, and it is confidently expected that the resultant activities will eventually stimulate the export trade and possibly open up fresh markets abroad for Bulgarian produce. An optimistic feeling prevails in commercial circles; it is considered that the main problems concerning the development of Bulgarian trade are approaching solution.

**Imports of Automobiles.**—According to the *Mitteleuropäische Wirtschaft*, *Neue Freie Presse* of September 11 last, the automobile traffic in Bulgaria is steadily growing. The following table of imports of cars and lorries from the chief countries of origin



during the past three years and also in the first quarter of 1926 gives a fair idea of the position of this trade:—

	1923.	1924.	1925.	Jan.-March 1926.
Italy ... ..	15	98	240	42
France ... ..	9	39	62	24
United States ... ..	7	20	41	15
Austria ... ..	35	22	18	6
Germany ... ..	18	13	14	1
Other countries ... ..	17	27	27	6
Total ... ..	101	219	402	94

The heavy increase in the number of cars and lorries of Italian make that have been imported during the period under survey is very striking. France has also enjoyed a much improved market in Bulgaria. Austria has lost her former leading position, and the German trade appears to be declining. Most of the automobiles were delivered by the Fiat and Steyr firms.

The number of British cars imported is so negligible that it is included in those of "other countries." This provides a further instance of the neglect of foreign markets on the part of British manufacturers. Undoubtedly, both Italy and France have of late been greatly assisted in their export trade by the depreciation of their respective currencies. But this cannot be regarded as the sole cause of the great increase in their consignments to Bulgaria, for the United States, with a stable and gold standard currency, has been able to increase sales to Bulgaria from 7 cars in 1923 to 41 in 1925, and, if the present rate be maintained, the trade for the present as compared with last year will be further increased by 50 per cent.

## AGRICULTURE

**The Cereal and Tobacco Crops.**—The general cereal crop this year was slightly more abundant and much better in quality than that of last year and may be regarded as satisfactory, reports M. J. Jamuloff, of Sofia, in the *Wirtschaftsdienst* of October 1 last. The total area brought under cultivation was about 16.7 mill. hectares, as against 16.6 mill. hectares last season; but while the area sown was only  $\frac{1}{2}$  per cent. greater, the increase in the volume of the crops, excluding maize, represents  $1\frac{1}{2}$  per cent. more than last year. Including the maize crop the increase was about 5 per cent. There is still, however, much room for improvement, since with intensive cultivation the yield of the crops could be trebled. During the economic year August 1, 1923, to July 31, 1924, the exportation of grain and flour amounted to about 61,000 tons; in the economic year 1924-25 not only were there no exports of these commodities, but a considerable volume had to be imported. In the year 1925-26 Bulgaria exported some 60,000 tons of wheat and 40,000 tons of wheaten flour. Considering that the present harvest is slightly better than that of last year, the eventual trade results may be expected to be quite satisfactory. The main obstacle will probably be the competition of Rumania, where the harvest this year has been exceptionally good. Yugo-Slavia, Hungary and Russia have also been favoured with a good harvest, and their competition in the foreign markets may be keenly felt by Bulgaria.

The tobacco crop in Bulgaria, as in Turkey and Greece, has fallen below expectations, states the *Morgenblatt* of October 26. The total yield of the crop is only about 20 mill. kilogrammes, which is roughly 50 per cent. below the average for the past five years. The usual annual demand for Oriental tobacco in the foreign markets is about 120 mill. kg.; but this year Bulgaria, Turkey and Greece will together be able to export no more than about 78 mill. kg., as the aggregate production works out at 98 mill. kg., of which 20 mill. kg. will be required for inland consumption. Although this result is most unsatisfactory for Bulgaria, it has the redeeming feature of providing the Bulgarian tobacco growers and exporters with an opportunity of disposing at a good price of the unsold stocks remaining over from last year.

A group of German capitalists is said to have recently acquired a large interest in the Bulgarian tobacco growing industry.

**Development of Silk Growing.**—The agricultural correspondent of the *Démocraticheski Zgovor* has recently drawn attention to the vast possibilities that exist in Bulgaria for the development of the silk-growing industry. During the past few years this industry has been allowed to decline, with the result that, while Lombardy with a total area of about 16,000 square kilometres and a population of 4 millions produces annually about 18 mill. kg. of cocoons, Bulgaria with an area of some 103,000 square kilometres and a population of 5 million inhabitants produces no more than 1.8 mill. kg. of cocoons, or only one-tenth that of Lombardy. Under the former Turkish régime the silk-growing industry in Bulgaria was in a flourishing condition; the ravages of disease, however, proved disastrous, and since then little or nothing has been done to revive the industry. Bulgaria is a country peculiarly suited to the cultivation of the silkworm, and experts acquainted with the industry in Lombardy assert that within a few years sericulture in Bulgaria could be developed to such an extent as to produce 15 mill. kg. of cocoons, equivalent in value to Leva 1,500 mill. to 2,000 mill. per annum. With due capitalisation and proper attention this yield could be gradually augmented up to 30 mill. kg. per year. The experiments that have already been made in cultivating from Italian silkworm eggs have proved eminently successful. It is hoped that when the refugee problem has been definitely settled the activities of the peasants and the agricultural co-operative societies will again be directed to this remunerative industry.

## FRANCE

### GENERAL AND FINANCIAL

**The Question of the Floating Debt.**—The forced consolidation of the short term liabilities of Italy following after a short interval the same measure taken by Belgium has provoked much comment in the French Press. At the present moment the floating and the short term debt, notwithstanding their enormous volume, do not represent any immediate danger to the Treasury. The atmosphere of confidence as well as certain special circumstances indicated in preceding issues have not only checked any tendency to demand repayment, but have contributed to produce a strong flow of new subscriptions to Treasury Bills and an increase of deposits with the Treasury. But if the position of industry and trade becomes worse as the natural consequence of a sharp rise in the franc the revenue from indirect as well as from direct taxation will fall. The Government will then be obliged either to increase the rate of taxation or to divert for Budget purposes a part of the resources devoted to Debt redemption. The latter alternative would undoubtedly have an unfavourable influence on public confidence and consequently tend to increase the demand for payment of short term and floating Treasury liabilities. In that case, says M. Romier in the *Figaro*, we will experience the same state of affairs that the Belgians and the Italians have already experienced. The other alternative, an increase in the burden of taxation, would only increase the tightness of money, which is the usual consequence of a decline of business activity. Only absolute confidence will prevent people in need of money from asking for repayment of their Bills at maturity.

The economic and financial Press is almost unanimously opposed to the forced consolidation of the short term and floating debt. The *Information* lays particular stress on the fact that the French situation is quite different from that of Italy and Belgium. In neither of these countries has the floating debt attained such dimensions; in neither is the working of the banking system based to such an extent on holdings of Treasury

Bills. Prof. Jéze, a member of the Committee of Experts, repeats in the *Journal des Finances* (No. 45) that forced consolidation would mean in France general bankruptcy or a general moratorium.

The present rise in the franc makes the question a very important one because, as already stated, a decrease in business activity is likely to provoke large demands for repayment, especially if a possible falling off in public revenue be taken into account. We find, therefore, the same idea in various articles on the subject (see M. Aubain in the *Europe Nouvelle* and M. Romier in the *Figaro*) that the Government in striving for a rise in the franc must not forget the reaction it may have on the floating debt and on the yield of taxation. It must be noted that for the next maturing batch of Treasury Bonds (about Fr.3,000 million on February 1, 1927) the quantity of Bonds repayment of which has been asked for is Fr.1,350 million, and not Fr.800 million as erroneously reported in the Press.

## TRADE

### Franco-German Agreement on the Sarre Trade.

—A very important agreement was concluded between France and Germany on November 6 with regard to the export and import of metallurgical products in the Sarre territory. The Berlin correspondent of the *Temps* describes this agreement as a necessary complement of the international steel convention recently signed in Brussels. By virtue of this agreement, the Sarre manufacturers are given the right to export to Germany duty free 1,700,000 tons of metallurgical products enumerated in a special list (various kinds of steel, 1,310,000 tons; pig iron, 30,000 tons; Thomas-Gilchrist slag, 125,000 tons; tubes, 40,000 tons, etc.). It must be remembered that from the economic point of view the Sarre territory was always closely connected with the Lorraine area which it was utilising, the output of the Sarre industry being exported to Germany. During the years 1920 to 1923, when the Sarre products were exported to Germany duty free (in accordance with the Treaty of Versailles), two-thirds of the Sarre metallurgical production used to be sold in Germany and only one-third in France. Now that this clause of the Treaty is no longer valid, the Sarre products have had to contend with the high German Customs duties, and, being included in the French Customs frontiers, the Sarre has had to export its metallurgical output to France. The prospects of the French metallurgical industry becoming less brilliant with the eventual stabilisation of the franc, it became of vital interest to it to divert Sarre exports from the home market. The Thoiry meeting as well as the international steel agreement made the settlement of this question easier.

It must be noted that even before this agreement the German Government used to allow to Sarre exporters a delay for the payment of the duties in order not to sever the economic ties between Germany and the Sarre. The agreement stipulates that all these outstanding payments are to be cancelled, while demands for the refund of duties already paid are to be examined favourably. Moreover, Germany is guaranteeing the maintenance of the rates of duty on metallurgical products as well as the observation of the most favoured nation clause for a 100,000 tons contingent of Lorraine exports to Germany, this contingent being established by private agreements. This is stipulated in order that these exports may be realised in the conditions that prevailed when these private agreements were concluded. In that way, the idea of the international steel agreement receives further development, the limitation of mutual markets being supported by legislative measures. In particular, France secures her home market for the French metallurgical industry. By way of compensation Germany obtains the right to import into the Sarre territory at the minimum tariff (and in certain cases even with a further 30 per cent.

rebate) machines and apparatus which are to be included in a system of German made machines of the same type. It must be remembered that almost the whole of the Sarre industry is working with German machines. It is therefore natural that it often needs for the development of its machinery or for the replacement of old machinery other machines of the same type. The agreement stipulates that the import of such machines on minimum tariff conditions can be admitted only if a technical inquiry proves that machines of French or Sarre origin will disturb the working of the industry. The same facilities are stipulated with regard to the smaller parts of machines, the re-export of these wares being prohibited. An official statement published on this matter by the Ministry of Commerce lays special stress on the fact that this agreement facilitates the realisation of private agreements (such as that of the steel manufacturers) and regrets that the validity of this agreement must be limited, the general Franco-German trade agreement being still a provisional one.

**The Movement of Prices in October.**—The general index number of wholesale prices of the General Statistical Office, after a recovery in September, again shows a sharp fall, as the following table indicates:—

	General index number.	Goods. Home produced.	Im-ported.	Average exchange rate (for the £).
June ...	754	682	883	165.92
July ...	854	733	1,074	199.03
August ...	785	722	902	172.11
September	804	743	912	170.07
October	767	744	808	165.55

It may be seen from this table that the fall in the general index number is due only to a fall in imported goods, while home produced goods are steady (743 to 744). The decline in imported goods is due not only to the rise in the franc (165.55 to 170.07), but also to the fall of certain wares on the world market (especially cotton and cotton goods). If one compares the movement of prices with that of the rate of exchange, one must note that while the level of the exchanges was in October about the same as in June (165.55 as against 165.92) the home produced goods showed a rise of 62 points, or more than 9 per cent., thus moving towards parity with the world market.

As to goods imported, they show at the same level of exchange a fall of 75 points or about 9 per cent., a fall which is due chiefly to a fall in cotton and cotton goods on the world market.

The metal prices in October show a rise of 34 points:—

June ...	544	September ...	590
July ...	574	October ...	624
August ...	587		

It may be seen that retail prices (which determine the cost of living) in October compared with those in June (when the rate of exchange was about the same) show an increase of 80 points, or about 15 per cent.

## INDUSTRY

**The Coal Output in September.**—The total output of coal in September amounted to 4,392,123 tons for 26 working days, as against 4,364,831 tons in August for the same number of working days. The total output for the first nine months of the year reaches 38,616,059 tons, corresponding to an annual output of over 51 million tons, as against 48 million in 1925 and 45 million in 1924. The daily output works out as follows compared with the previous months (in tons):—

	Daily output.	Number of hands.
Average 1913 ...	136,147	203,208
January 1925 ...	160,445	311,911
" 1926 ...	170,048	315,204
July ...	168,514	311,957
August ,, ...	167,878	312,363
September ,, ...	168,927	314,442

After deduction of the Alsace-Lorraine output (16,244 tons) the daily output of the mines situated within the confines of pre-war France is 152,683 tons, 105,491 tons

of which was contributed by the Nord and Pas-de-Calais mines (devastated areas) and 47,192 tons by the Midland and Southern mines.

**New Quotas of Production under the International Steel Pool.**—At a meeting of the members of the Pool held in Luxemburg a decision was arrived at fixing new quotas of production for the next three months. The output is to be based on an annual contingent of 29,287,000 tons as against 27,287,000 heretofore. A proposal to raise this figure to 32,000,000 was not agreed to. On the basis of 29,287,000 tons a year the distribution of the quotas will be as follows (in thousands of tons):—

	Actual quota.	Former quota.
Germany ...	12,644	11,342
France ...	9,132	8,726
Belgium ...	3,385	3,240
Luxemburg ...	2,431	2,325
Sarre ...	1,693	1,654

Other questions were settled at the same meeting, notably that of the Lorraine and Luxemburg export of pig iron to Germany (the Sarre territory does not at present export pig iron). These regions are allowed to export respectively 3.75 per cent. and 2.75 per cent. of the total German production. As to the crude steel trade, a decision was arrived at regulating exports from the Sarre territory: 500,000 tons of crude steel are to be taken by France, while the remaining steel exports are to be directed to Germany.

## GERMANY

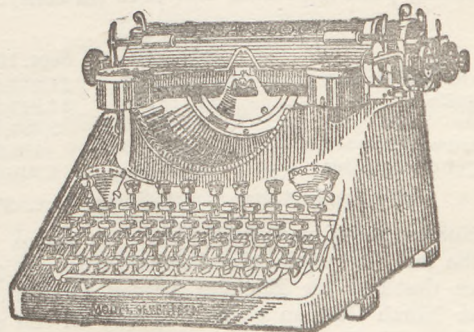
### POLITICAL AND GENERAL

**Economic Improvement in October.**—According to the reports of the Prussian Chamber of Commerce and Industry the general economic situation in Germany shows considerable improvement. A further increase has taken place in the mining output, the pithead stocks have been completely exhausted in the case of coal and reduced to a very small proportion in that of coke. The production of pig iron, crude steel, and semi-manufactured and manufactured goods has increased on an average more than 25 per cent. since January 1926. The machine and metal industry alone remains untouched by the general revival, while the depression in the automobile industry has increased. The textile industry developed very favourably, and the situation of the handicrafts also improved. If it is taken into consideration that the waggon supply to the Reichsbahn has increased 40 per cent. per working day as compared with the beginning of the year, and that the number of unemployed has decreased considerably, even if it is still relatively great, it appears that the economic development is satisfactory. Nevertheless the fact that the improvement is largely due to the strike in Great Britain and the circumstance that wage disputes on a large scale are brewing, combined with the burden of the Dawes Plan and the heavy load of taxation, call for caution in forecasting further developments. In the chemical industry orders came in well and consignments were satisfactory, with the exception of dyes and heavy chemicals, in which business was here and there inadequate. In the dockyard industry the favourable conditions are unchanged, and there is adequate occupation in the electro-technical industry. Home contracts increased with the commencement of the autumn season. Foreign contracts are still difficult to secure. Conditions in the country are much worse than in the towns, as the unfavourable weather conditions have crippled the economic forces of the agricultural population. Lack of capital in the handicrafts often prevents utilisation of favourable opportunities for the purchase of raw material. Retail trade showed general improvement in October, although the turnover of October 1925 was not attained. The textile goods branch showed the largest share in the improvement, and the footwear business registered a good turnover. The position of

the building market continued to improve in the Ruhr and northern Silesia, while Breslau complains of a falling off. In Berlin the construction already commenced is being pushed on and brought to completion, but no fresh building has been undertaken. There is a scarcity of private building activity both in domestic and industrial construction. The situation of the oil industry showed no change as compared with the previous month. Home trade was slightly more lively, but foreign contracts were few and far between. The margarine industry suffered from the reduced price of butter and the ample supplies of fruit. Rhine shipping conditions remained thoroughly favourable. As in the previous month, large shipments of coal were despatched to the Dutch and Belgian ports. The water level, which was unfavourable at the beginning of the month, improved towards the end. The quantities of goods shipped from Hamburg via the Elbe remained very much below estimate. The level of the Oder fluctuated so much that many deep draught craft had to lighten cargo after leaving Breslau, and it was only at the very end of the month that an improvement set in. Traffic was active both at Stettin and Emden. (*Hamburger Fremdenblatt*, Nov. 4.)

### FINANCE

**Improved Bourse Quotations in October.**—The following table gives a review of the development of official quotations on the Berlin Bourse as compared



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with September. It will be seen that one-half of all shares quoted are at or over parity:—

Gold parity.	Number of shares.		Percentage of total.	
	End of Oct. 1926.	End of Sept. 1926.	End of Oct. 1926.	End of Sept. 1926.
Under 50 per cent. ...	91	128	10.6	14.9
From 50 to 75 per cent. ...	133	186	15.5	21.7
From 75 to 100 per cent. ...	203	186	23.7	21.7
From 100 to 150 per cent. ...	243	244	28.4	28.4
From 150 to 200 per cent. ...	145	89	16.8	10.4
Over 200 per cent. ...	43	25	5.0	2.9
<b>Total ...</b>	<b>858</b>	<b>858</b>	<b>100.0</b>	<b>100.0</b>

This table shows that a further considerable improvement has taken place in the level of quotations during the month of October. In drawing deductions, however, it should be borne in mind that a large number of shares are never quoted owing to lack of demand. The increase of securities quoted at over 150 and over 200 per cent. is remarkable, and the group lying between 75 and 100 per cent. has also increased at the expense of the lower quotations. Banking, shipping and lignite shares contributed most to the upward movement. (*Hamburger Fremdenblatt*, Nov. 2.)

## INDUSTRY

**The Coal Output in September.**—According to the report of the Reich Statistical Office, the following quantities of coal were produced in Germany (exclusive of the Saar territory) during September and in the period January to September 1926, as compared with the corresponding periods in 1925 and 1913 (in tons):—

	Sept. 1926.	Sept. 1925.
Hard coal ... ..	12,875,747	11,355,415
Lignite ... ..	11,713,259	11,949,347
Coke ... ..	2,142,199	2,063,634
Hard coal Briquettes ...	445,920	434,396
Lignite Briquettes ...	2,923,941	2,910,608

(*Deutsche Allgemeine Zeitung*, Oct. 31.)

The *Hamburger Fremdenblatt* (Oct. 30) learns that during the last few weeks about 80,000 tons of lignite briquettes destined for England arrived at Hamburg and other North German ports, which is all the more remarkable as England has hitherto adopted a negative attitude in regard of this variety of fuel. The Syndicate has nevertheless decided, in view of the shortage at home, to restrict the export of lignite to England. The price per ton of lignite briquettes was originally Rmk.9, but was later increased to Rmk.14 in the contested area. It appears that on arrival in England, in consequence of dealers' fees and freight charges, the price is enormously increased. The lowest price charged in East of Scotland ports is reported to be 60s. per ton. Briquettes for industrial use are said to be as much in demand as those for domestic purposes.

## COMMUNICATIONS

**Norddeutscher Lloyd's Further Increase of Capital.**—Transactions follow one another thick and fast in German shipping. Before the doubling of capital by the Hansa and Neptun Companies, and the Rmk.55 mill. capital increase on the part of the Hamburg-America Line consequent upon the amalgamation with the Kosmos and Deutsch-Austral Companies, have had time to be passed in general meeting, the Administration of the Norddeutscher Lloyd announces a second and very considerable increase in capital this year, amounting to Rmk.50 mill., in addition to a small increase in the preference share capital. The purpose to which this increased capital is to be applied is not quite clear from the official announcement. The question remains open as to whether this sum is to be devoted to the development of the undertaking by means of new construction, or if, as rumoured in Bourse circles, it is to be utilised for the taking over of other Bremen shipping companies by means of amalgamation. The Hansa company is suggested in this connection, together with the Neptun Company which is controlled

by it. In any case the increase in capital will restore the balance between the Hamburg and Bremen giants, which threatened to be somewhat disturbed by the last transaction of the Hamburg-America Line, a development which will not be without significance in view of the friendly agreement excluding competition which is planned to come into force on January 1, 1927. The following table shows the capital strength of the individual great shipping companies, provided the new capital of the Norddeutscher Lloyd is not applied to fusion purposes (in millions of Reichsmarks):—

	Capital.	Reserve.	Bonds.
Hamburg-America Line...	131.1	12.7	4.8
Norddeutscher Lloyd ...	128.9	11.5	3.2
Hansa Dampfschiffahrtsgesellschaft ... ..	32.0	3.6	—
Hamburg-South America Line	25.5	3.0	—
Neptun ... ..	7.0	0.9	—
German East Africa Line ...	4.0	1.4	0.1
Woermann Line ... ..	4.0	1.4	—
	<b>332.5</b>	<b>34.5</b>	<b>8.1</b>

In addition to the above capital there are various loans, or long term credits in the nature of loans, held by the Hamburg-America Company, the Norddeutscher Lloyd and Hansa aggregating about Rmk.70 mill., so that the total sum invested in the great shipping companies amounts to about Rmk.450 mill. Of the total share capital of Rmk.332.5 mill., Rmk.170 mill. or more than one half originated this year. (*Deutsche Allgemeine Zeitung*, Nov. 3.)

NOTE:—In the article on Shipping Amalgamations appearing in our last issue reference was made three times in error to the Hamburg South-American Company when the Hamburg-America was the company concerned.

	January to September		1913.
	1926.	1925.	
Sept. 1913.	104,575,020	98,222,320	106,571,793
Sept. 1913.	7,473,246	100,826,105	64,132,226
Sept. 1913.	2,444,898	18,492,467	20,349,146
Sept. 1913.	467,555	3,941,866	3,656,225
Sept. 1913.	1,909,156	25,109,230	24,894,029
Sept. 1913.			15,993,722

## SOCIAL AND LABOUR CONDITIONS

**The Labour Market in the Third Quarter.**—If the reports of the provincial labour offices are reliable, a new phase has been entered upon in the situation of the labour market. Unemployment reached its highest point about the middle of February, and then a seasonal revival set in, lasting up till about the middle of May, expressing itself particularly in a marked decrease in unemployment among agricultural labourers and builders' hands. During this period the deterioration in the degree of employment in important industrial branches such as the metal industry and spinning material trade continued unabated, and the number of officials thrown out of posts also rose considerably. In the first few weeks following upon this period this tendency slowed down to a marked extent, so that at the end of June the unemployment figures had become stationary. Then began the revival, which has been consistently maintained up to the beginning of October and growing in force, so that within three months 350,000 unemployed persons found work. During the last few weeks unemployment continued to decrease, but at a considerably slower pace. This slackening is due to the termination of seasonal work among agricultural labourers and building hands. The new phase has not terminated, but there are no statistics available as to the recent reduction in the numbers of unemployed finding re-engage-ments. The period from July to the beginning of October, however, is ripe for analysis.

The revival of the labour market during this period, in spite of the numerous categories of labour affected, was not a general one. For instance the reduction in the number of unemployed metal workers is negligible, though in the last few weeks there has been marked improvement in this group. The position of commercial officials and technical employees has not been affected. A recently published review gives for the end of August 255,583 officials without employment as compared with

256,366 in July, and 9,219 (9,577) under notice. The seasonal demand for labour in agriculture, which was one of the largest factors in the reduced unemployment, has been steadily falling off since the middle of September. It is impossible to ascertain the extent to which the harvesting of the crops absorbed labour, as the harvest hands are classified partly under the heading of agriculture, but also under several other headings, including "various piece work." The re-engagement of miners in the Ruhr district, which only began towards the end of June in spite of the long duration of the British strike, is another factor in decreasing unemployment, and finally the increased building activity in the second building season of the year decreased the 104,746 skilled labourers available at the beginning of July by 30,000 by the end of September. The number of unskilled labourers included under the heading "various piece work" was also thereby reduced. Under the influence of the revival in the building trade, the number of unemployed in the wood and carving industry dropped from 116,000 to about 100,000, while occupation in the stone and earth branch has also been slightly increased during the last few weeks. The reduction in the numbers of unemployed transport workers amounts to about 10,000, and may be equally attributed to all the above causes. Apart from these industries, the textile industry has engaged large numbers of fresh hands. The unemployed in the spinning material industry were diminished by a third, while in the clothing industry the reduction amounted to 25,000 hands, or about 20 per cent. The large number of hands re-engaged in the textile industry effected a marked reduction in the total number of female hands out of work. The number of workers on part-time employment decreased rather more quickly than that of the unemployed, particularly in industries producing goods for consumption. The greater proportion of unemployment in the industries supplying means of production as compared with industries producing goods for consumption continues unaltered, owing to the heavy percentage of unemployed in the metal industry, whereas part-time work is greater in the consumption industries, consequent in this case upon the large number of textile workers who are working short hours.

The following table shows in the percentage of members of the various unions the progress made in the various industries between May and August:—

Industries supplying means of production.	Unemployed.				Part-time workers.			
	May.	June.	July.	August.	May.	June.	July.	August.
Metal industry ... ..	19.8	20.5	20.6	19.8	24.9	26.4	25.6	23.6
Chemical and paper industry ... ..	15.7	15.2	14.8	15.1	13.2	12.0	11.5	9.7
Building industry ... ..	22.3	21.2	19.3	17.9	0.4	0.3	0.2	0.2
Timber industry ... ..	28.4	28.1	28.5	26.7	18.5	17.4	18.3	16.4
Leather producing industry ... ..	25.4	24.2	21.5	19.7	29.3	25.1	21.8	19.8
Total ... ..	21.2	21.1	20.5	19.6	16.0	16.0	15.4	13.9
<i>Industries producing goods for consumption.</i>								
Textile industry ... ..	18.9	18.5	17.2	15.2	52.2	48.2	43.9	38.9
Clothing trade ... ..	25.8	32.3	34.5	33.3	20.7	22.2	30.1	25.7
Leather industry (working up) ... ..	32.2	30.9	30.1	29.5	34.1	27.0	22.7	20.4
Foodstuffs and delicacies ... ..	15.4	14.8	14.0	12.3	13.3	10.9	11.2	10.8
Printing and bookbinding ... ..	9.9	11.2	10.9	11.4	13.2	12.6	13.0	11.5
China and glass industry ... ..	15.9	17.6	18.4	17.0	16.6	14.6	15.2	10.8
Total ... ..	18.4	18.9	18.3	17.0	30.4	27.7	26.5	24.1
Transport ... ..	9.7	8.7	8.7	8.5	4.6	3.6	4.1	4.0
Other branches ... ..	5.7	6.0	6.6	5.7	3.0	3.0	3.0	2.3
Total ... ..	18.1	18.1	17.7	16.7	18.2	17.2	16.6	15.0

The number of unemployed is still far above the average; in Greater Berlin the present statistics are even higher than at the beginning of the year, and in the Rhine provinces the figures are very little lower than those for January last. (*Wirtschaftsdienst*, Oct. 29.)

**The Cost of Living.**—The Reich index number for the cost of living (food, rent, heating, lighting, clothing and other requirements) averaged 142.0 in September, showing a decrease of 0.4 per cent. as compared with the August average of 142.5 per cent. In the expenditure column for food the price of vegetables has

fallen considerably (the average decrease throughout the Reich amounts to 16.6 per cent. as compared with the previous month). Potatoes also decreased in price by 13.7 per cent. as compared with August. Eggs became dearer in September (11.7 per cent.), and prices for bread, flour, meat and meat goods continued the slight but steady upward movement which has characterised them for some months.

The following table shows the development of the Reich index number for the cost of living based on the 1913-1914 figure (100):—

(Monthly average):	June.	July.	August.	Sept.	Increase compared with August.
Total cost of living	140.5	142.4	142.5	142.0	— 0.4
Total cost of living without rent ...	150.8	152.0	152.0	151.4	— 0.4
Food ... ..	143.3	145.3	145.7	144.9	— 0.5
Rent ... ..	99.9	104.4	104.9	104.9	—
Heating & lighting	140.3	141.1	141.3	142.8	+ 1.1
Clothing ... ..	164.2	162.7	160.8	159.6	— 0.7
Other requirements, including travel	187.5	186.8	186.3	185.9	— 0.2
Food, rent, heat, light and clothing ...	135.7	137.8	138.0	137.5	— 0.4

Expenditure for clothing has decreased by 7 per cent. as compared with the previous month. Nevertheless, in the latter half of the month, for the first time since last November there was a slight increase in price throughout in men's and boys', women's and girls' clothing and also in footwear. The cost of heating has increased with the introduction of winter prices for domestic coal, while rents remain unchanged. (*Wirtschaft und Statistik*, October.)

## LITHUANIA

### POLITICAL AND GENERAL

**General Economic Conditions.**—Perhaps there is no city in the world where more divergent accounts of the economic conditions of a country can be heard than in Kovno. "Imminent collapse of the whole country" and "the most economically sound and the best of all the Baltic States" are the extremes, and the truth probably lies somewhere between the two. It must be admitted that the economic position is difficult, and the fact that this year's harvest is below the average, particularly in the case of rye, is not calculated to improve matters. This is all the more serious as the balance

of trade, which has shown a deficit for the last two years, depends on the result of the harvest. It is difficult to decide how far the decline in recent harvests is due to the result of the agrarian reform, by which all the large estates were split up, most of them being in Polish hands. The original owners were allowed to keep about 80 hectares and the remainder was divided in lots of about 20 hectares among the former farm hands. There is but little doubt prevailing in Kovno that this reform, which was dictated by political considerations, was a mistake, and the new Government is in no

hurry to enforce it where it has not already been carried out.

The Government, however, is actively endeavouring to assist agriculture by providing supplies of fertilisers, agricultural machinery, etc., which shows the country's desire to make good. In agriculture as a whole there is a decided tendency to turn from grain cultivation to flax growing and dairy farming. The area under flax has increased from 52,000 hectares in 1923 to about 80,000 hectares in 1926, and flax fibre, linseed and yarn to the value of about Lits 70 million were exported and constituted about one-third of the total Lithuanian exports. At the same time the exports of butter rose from 103,735 kg. in 1922 to about a million kilogrammes in 1925. Efforts are also being made to increase the export of fresh and preserved meat. On the other hand the timber trade is on the decline, owing to excessive felling in former years. Lithuania exported a total of 394,400 cub. m. of timber in 1922, but only 293,100 cub. m. in 1923, and in 1925 the figure fell as low as 171,500 cubic metres.

Germany plays the most important part in Lithuania's foreign trade statistics. In 1925 Lithuania sold goods valued at about Lits 60 million to Germany, whose share in the foreign trade of the country represents about 50 per cent. of the total. In the meantime the German-Lithuanian trade agreement which was ratified on May 5 placed commercial relations between the two countries on a firm footing, and a tariff accommodation is due to come into force in October. It would be advisable for Germany, however, not to overestimate the value of trade with Lithuania. With her two million inhabitants Lithuania is not capable of absorbing an unlimited amount of merchandise. The country and its people are in many respects backward, as this former Russian border province was entirely neglected in pre-war days. Moreover, there is the deplorable shortage of money. The director of the Bank of Issue made it the chief object of his financial policy to secure the stability of the currency. This object has been attained, but the Lithuanian economic system is characterised by a severe shortage of capital. In this respect, too, opinions are widely divergent. One side clamours for a statement as to the number of protested bills, the other declares that their number is of no consequence because it is impossible to trace the number of bills that remain unprotested owing to the fact that the cost of protesting is not worth incurring, while yet a third leading personage in the Lithuanian economic world maintains that in view of the large turnover the losses are negligible.

All this goes to prove that in order to do business in Lithuania it is necessary to have a very thorough knowledge of the country and of the mentality of its inhabitants. Representatives of German firms in Kovno complain that German industry, which is continually clamouring about the lack of orders, is very slow in delivering and that the deliveries more often than not fail to come up to sample.

In the meantime Lithuania has given much attention to building up her own industries, though prospects do not seem very bright in this direction. At present the industrial undertakings consist of a nail and lock factory; a few wool weaving and glass factories, in which latter it has been decided to take up the manufacture of window glass instead of, as formerly, confining their activities to the manufacture of bottles for the monopolised brandy; a few sawing mills, some grain mills, and works for the treatment of flax and hemp—in short, a body of industries which in the aggregate is still quite unimportant. How far the wholesale slaughter-house recently erected in Kovno will affect exports remains to be seen. (*Hamburger Fremdenblatt*, No. 257.)

**The Russo-Lithuanian Non-Aggression Pact.**—The Russo-Lithuanian Non-Aggression Pact was signed in Moscow on September 28 by Chicherin and the Soviet Minister in Kovno, Alexandrovski, as representing the

Soviet Union, and by the Lithuanian Minister of Foreign Affairs, Slezevicius, and the Plenipotentiary to Moscow, Baltrushaitis, as representing Lithuania. M. Slezevicius in his speech on the occasion stated that Chicherin's visit to Kovno last year formed a basis for the negotiations which ultimately had led to the signing of the pact, and this would doubtless be followed in the near future by a formal trade agreement. The Soviet Commissary for Foreign Affairs expressed his delight at the work just brought to fruition, particularly as the pact did not affect the interests of any other country. Apart from its specific political importance, the Russo-Lithuanian Non-Aggression Pact may be regarded as a diplomatic move in the direction of Vilna. While Professor Reinis, the former Minister of Foreign Affairs, was yet in office, negotiations with Russia were started with a view to concluding a guarantee agreement. Subsequent radical changes in Lithuania's internal affairs interrupted the negotiations, but only for a short time. Having failed to make good their case in the West, the Lithuanians were bent on securing support in the East. In the Russo-Lithuanian peace treaty the Soviet Government definitely recognised Lithuania's right to Vilna. This juridical basis was somewhat weakened by the Russo-Polish peace treaty, which determined the Russo-Polish frontier lying east of the Vilna region. The Lithuanians saw the possibility of Russia discountenancing their right to Vilna in concluding a guarantee treaty with Poland and at once decided to forestall the Poles. Poland's election to the Council of the League stimulated this intention, and the Lithuanian delegation proceeded to Moscow as soon as the conference of the League came to an end. Although Russia's support of the Lithuanian claim may seem but small comfort, it is nevertheless an important factor to a struggling country at the end of its resources in the endeavour to regain what it firmly believes to be its rights. (*Riga Times*, Oct. 2.)

*Izvestiya*, commenting upon the new treaty, states that the term of five years for which the treaty is concluded demonstrates the firm nature of the friendly relations existing between the Union of Soviet Socialist Republics and Lithuania. The treaty does not touch Lithuania's relations with the League of Nations, of which she is a member, or the Vilna question. Those questions were dealt with in special notes which were exchanged between the two Governments on the occasion of the signing of the treaty. In the note on the Vilna question, which was due to Lithuania's initiative, the Soviet Government confirmed its former attitude. According to the Moscow Treaty of 1920 the Soviet Government recognised the Vilna region as belonging to Lithuania. According to the Riga Treaty the Soviet Government declared its readiness to recognise any agreement between Poland and Lithuania regarding the fate of the territory west of the new Polish frontiers, i.e. including the Vilna region. In conformity with this treaty the Soviet Government tendered its protest against the Conference of Ambassadors in deciding the fate of Vilna without the participation of Lithuania, but renounced its negative attitude to this act of the Great Powers on April 5, 1923. The Soviet Government is still prepared to recognise any decision which may be reached through voluntary agreement between Poland and Lithuania, and so long as there is no such agreement the Moscow Treaty of 1920 with regard to the Vilna question holds good.

According to *Izvestiya* the treaty signed between Soviet Russia and Lithuania not only strengthens friendly relations between the two contracting countries, but furthers to a considerable degree the peace of Eastern Europe. This guarantee pact should convince Russia's nearest neighbours, and particularly the Baltic nations, that the true path to peace lies through the conclusion of guarantee treaties with Soviet Russia.

The *Elta Agency Bulletin* (Oct. 15) learns that the Lithuanian Minister in Berlin, M. Sidzikauskas, stated to representatives of the German Press that the con-

clusion of the Russo-Lithuanian treaty, apart from its general political significance, would bring to the fore various practical questions such as the restoration to Lithuanians of deposits in savings banks removed from Lithuania, the restitution of valuables, archives, libraries, etc., and the payment of compensation for property of Lithuanian citizens which it is impossible to restore. The question of the 100,000 hectares of forest granted to Lithuania under the former peace treaty will also come up again for discussion, and it is probable that soon after the conclusion of the pact Lithuania will tender to the League of Nations a note emphasising her intention to fulfil all her obligations as a member of the League. The proposed commercial treaty will be on the lines of the Russo-German treaty. According to reliable information in the possession of M. Sidzikauskas, both Latvia and Estonia will soon sign a guarantee treaty with the Soviet Government. The Lithuanian Minister is assured that the League of Nations is now sufficiently powerful to settle the Vilna question and the Polish-Lithuanian conflict generally.

**FINANCE**

**The Budget for 1927.**—On September 25 the Minister of Finance submitted to the Cabinet a draft statement of revenue and expenditure for 1927. The Budget provides for Lits 226,000,000 of ordinary and Lits 3,000,000 of extraordinary revenue, or a total of Lits 229,000,000. In the draft Budget for 1926 the estimate for ordinary revenue was Lits 238,000,000 and for extraordinary revenue Lits 4,000,000. Estimated expenditure for 1927 is allotted as follows as compared with 1926 (in lits):—

	1927.	1926.
President of the Republic ...	221,000	258,000
The Seim ... ..	1,380,000	1,550,000
The Cabinet ... ..	1,370,000	1,720,000
The Home Office ... ..	19,217,000	22,474,000
Ministry of Finance ... ..	17,690,000	17,860,000
Ministry of Agriculture ... ..	17,167,000	18,910,000
Ministry of Education ... ..	32,816,000	30,544,000
Ways and Communications ... ..	76,642,000	60,417,000
Ministry of Foreign Affairs ... ..	3,683,000	3,999,000
Ministry of Justice ... ..	8,085,000	8,148,000
National Defence ... ..	40,150,000	41,814,000
State Control ... ..	1,131,000	1,110,000

For the first time the draft includes special expenditure, viz. settlement with the Memel Territory Lits 6,600,000 and a pension fund of Lits 869,000. After due consideration by the Cabinet the Budget will be introduced into the Seim. (*Elta Agency Bulletin*, Oct. 15.)

**TRADE**

**Foreign Trade Returns for the First Eight Months.**

—In the first half of the current year Lithuania's exports returned Lits 125,167,000, while imports involved a sum of Lits 108,979,000. The balance of trade thus showed an export surplus amounting to Lits 16,188,000. Raw materials and semi-manufactured goods such as flax, timber, cellulose, linseed, leather, etc., were exported to a value of Lits 83 mill. Foodstuffs, including eggs, butter, meat, etc., returned Lits 20 million. The export of bread grain was small, wheat was exported to the extent of Lits 838,000, while rye did not figure as an export item at all. The export of live stock returned Lits 15 mill.

Manufactured goods rank foremost among the imports, involving a sum of Lits 59 mill. Raw materials and semi-manufactured goods were imported to the extent of Lits 26 mill. Sugar, herring, salt and other commodities were imported to a value of about Lits 21 mill.

Germany topped the export list, accounting for 35 per cent. of the total, Great Britain bought 28.37 per cent., Latvia 10 per cent., Czechoslovakia 4.92 per cent., and Sweden 3.87 per cent. On the import side Germany accounts for 51.9 per cent., Great Britain for 10 per cent., Czechoslovakia for 7.9 per cent., the United States for 4.7 per cent., Latvia for 3.24 per cent., and Sweden for 3.12 per cent.

For August Lithuanian exports amounted to Lits 18,800,000, while imports aggregated Lits 25,200,000, thus exceeding exports by Lits 8,400,000. In comparison with July exports declined by Lits 2,300,000, while imports decreased by Lits 6,000,000. The heaviest falling off was in the export of butter, grain and boards, while the import of superphosphates, agricultural machinery and woollen textiles increased. For the first eight months of the year, Lithuanian exports amounted to Lits 165,000,000 and imports to Lits 153,000,000, so that the balance of trade for eight months shows an export surplus of Lits 11,700,000. (*Elta Agency Bulletin*, October.)

**COMMUNICATIONS**

**The Port of Memel.**—A representative of *Lietuva* recently interviewed the Chairman of the Memel Harbour Board, who stated that the movement of shipping in the port and the port turnover were constantly increasing. During August 94 vessels entered the harbour, which is a record for Memel. In August 1925 the entries were 79, in 1924 77. As regards tonnage the figures are as follows: 1926, 42,833 n.r.t.; 1925, 33,787 n.r.t.; 1924, 25,000 n.r.t. During the first eight months of 1926 the entries numbered 510, aggregating 239,870 n.r.t.; in 1925 520, aggregating 217,043 n.r.t.; and in 1924, 168,031 n.r.t. Shipping last year reached the 1913 figures.

With the growth of shipping and the importance of Memel it has become absolutely necessary to expand the port, which cannot even now cope with the existing volume of traffic. There have been days when there was no room for some of the vessels to moor alongside, so that they were forced to lie off in the stream. The Customs warehouses were quite inadequate to cope with the goods, and private warehouses had to be rented. A cold storage depot is now being erected to deal with perishable goods. The absence of elevators and cold storage is acutely felt. The activities of the port, which before the war served the needs of timber-floating almost exclusively, have greatly increased. It is but little adapted to piece goods or agricultural products, and there is thus an urgent need of extension on a large scale. The Harbour Board considers this its first task and investigations are being energetically pushed forward. The lack of funds, however, prevents some of even the most urgent work from being put into execution.

Lithuanian foreign trade and the transit traffic between East and West through the Port of Memel impose special duties upon the harbour, especially in view of the fact that an improvement of the port will render Lithuania more independent of neighbouring States. This year the construction of the southern mole was completed, but there is urgent need for the construction of a breakwater at the outlet to the sea, which would greatly protect shipping. Plans for its construction have been prepared and an outlay of between twenty-five and twenty-seven million lits is contemplated.

In a financial sense the port suffers great loss from the absence of timber-floating, as the sawmills are stationary and entail losses. The timber port has nevertheless been put into repair.

The purchase of two or three vessels for commercial purposes is absolutely necessary, and one firm has offered to buy several ships in conjunction with the Government. If the Government had a number of vessels in its possession it would be possible to reduce the cost of transport, for which in the meantime it is necessary to depend on outside help.

Efforts are being made to introduce direct communication by sea with Finland, Estonia, France and Belgium. Attempts to establish direct communication between Lithuania and America have yielded good results, as Lithuania of all the Baltic States has the largest number of travellers to and from America. Great importance attaches to the building of a railway through Zemaitija

which will link Memel by a direct line with the rest of Lithuania, thus cheapening transport and economising in time. It is at present cheaper for merchants in many districts to ship goods via Libau, Riga or Koenigsberg. There is also a great lack of coastal defence against smuggling, and the State suffers heavy losses in this way. Here again the purchase of suitable vessels is a crying necessity. (*Elta Agency Bulletin*, October.)

## RUSSIA GENERAL

**The Grain Campaign, Foreign Trade and the Chervonetz.**—This year's grain collection seems likely to prove as great a disappointment to the Soviet Government as the previous one. According to recently published official statements, only 548,000 tons were produced in the Soviet Union in the months of July and August, as compared with 806,500 tons in the same period of last year. The estimates of the State Organisation Committee give the returns for these two months as 956,000 tons, as compared with 1,177,000 in the same months of the previous year. While purchases of wheat have risen from 272,500 tons to 380,000 tons, those of rye have decreased from 277,000 tons to 70,000 tons. As the grain prices had already risen in August, and were still rising steadily in the first weeks of September, this year's final results are likely to be even poorer than last year's. Up to the present the greater part of the grain collected has come from the Northern Caucasian district. The peasants in the Ukraine are holding back their grain. This is easily explained by private reports to the effect that the harvest in this district is to a large extent a poor one. Corn has grown up very badly, and is so much mixed with weed that in many places it is impossible to harvest it at all, and the total result, in spite of relatively good straw, is unexpectedly poor.

Although the relatively poor harvest returns, the rising prices and the reticence of the peasants indicate a repetition of last year's conditions, the grain collecting organisations, in spite of the experience gained, are repeating last year's mistake by extending the system of purchasers and competing furiously one against the other. The result of this is a speculative atmosphere on the grain market. The cost of maintaining the cumbersome administration of collection is increasing the incidental expenses, which last year were so high that the export of grain was rendered quite impracticable and had to be abandoned.

The failure of Russian foreign trade in the financial year 1925-26 is clearly proved in a recently published report from the Inspectorate of Labour and Peasantry. It is here stated that foreign trade during the current year has reached only 28 per cent. of the pre-war standard, while industry with 90 per cent. and agriculture with 95 per cent. were far in advance of it. Exports are 11 per cent. below the many times reduced estimate amounting in the first three quarters to R.493.4 mill. The report devotes a great deal of space to the failure of the grain export. Through unprofitable utilisation of the tonnage available and owing to excessive incidental expenses (from 40 to 60 per cent. of the purchase price) including the high cost of foreign credits the export trade suffered losses amounting to R.14.4 mill. The export estimate for grain was reduced down to R.143 mill., but it is now reported that not even this estimate is capable of fulfilment. The rye and wheat exports are 6 million poods below estimate (up to October 1). The grain export of the year July 1, 1925, to July 1, 1926, amounts to 23 per cent. of that of 1913 and to 88 per cent. of the grain export of the year 1923-24.

As imports during the first three quarters of the current economic year already amount to 84.4 per cent. of the year's estimate (about R.578 mill.), all efforts at strangling imports to the desired extent having proved

fruitless, a deficit in the balance of trade is inevitable. In July there was a deficit of R.3.7 mill. and in August one of R.2.6 mill. In view of this unsound development in foreign trade, which will prove quite insupportable for Russia in the long run, the People's Commissariat proposed a number of measures which to a certain extent concern all foreign countries desiring to trade with Russia. Thus no foreign firms may in future hold the sole right to the sale of Russian export goods, and unfavourable foreign credits (40, 50 or 100 per cent. per annum) are no longer to be taken up. It is hoped by doing away with competition among economic organs on the foreign market, by restricting the circle of influence of the individual representatives of the Soviet Government and by fixing import quotas for industrial needs through the Supreme People's Economic Council, to bring a greater degree of order into the administration of foreign trade.

In view of the difficult economic situation, which brings with it serious anxiety for the stability of the chervonetz, one must be prepared for clumsy and precipitate interference with the economic system on the part of the Soviet Government. At a joint meeting of the Council of People's Commissaries for Labour and Defence at the end of September, the plan for the coming economic year 1926-27 was discussed, and among other things increased taxation of private capital was suggested. Not only the returns from private commerce, but the workers themselves are to be affected as far as possible. This probably heralds yet another crusade against the struggling economic forces of the country. As the economic plan holds strictly to the basis of the present economic policy of the Soviet Government, namely an increase of the financing of industry through the Budget with the idea of reconstruction and augmented output, imports for all non-industrial purposes must be cut down to a minimum. On the other hand prices for agricultural produce and manufactures are to be forced down to facilitate export and increase the buying power of the chervonetz at home. Anxiety for the chervonetz has recently become acute in the leading economic circles, and also in the economic Press of the Soviet Union.

In the summer of 1925 there were already signs of inflation which occasioned the Soviet Government to restrict their issues. Between December of last year and May last a total of 146.4 million chervonetz roubles were withdrawn from circulation. The extreme need of credit in the country, however, prevented the continuation of this deflation policy. Up to September 1 last new issues to the extent of R.152.7 million had taken place. The greater part of these new issues took place in the last quarter of the current economic year and were destined to aid the grain campaign. It was hoped that the good harvest would increase the buying power of the chervonetz. As a matter of fact the value of the chervonetz did increase in the third quarter (April to June 1926) by 36 kopecks as compared with 18 kopecks in the corresponding period of the previous year. But since the middle of August it has been quite clear that hopes in respect of the harvest were doomed to disappointment. The purchase of grain, for which R.130 mill. had been set aside, required even less funds than last year. In July the buying power of the chervonetz dropped by 50 kopecks and on August 1 reached a level which was 15 per cent. lower than at the same date last year. Under these circumstances the plan of issuing R.170 mill. in the fourth quarter has been reduced by R.20 to 50 mill., whereby the issue of the remaining R.25 to 50 mill. is to be held solely at the disposal of the collection of grain. For the coming year the greatest possible economy and the most extreme reserve will be observed in making further issues.

The repetition of the errors committed last year in respect of the administration and financing of the harvest does not augur favourably for economic development in the new year opening in October. (*Revaler Bote*, Oct. 6.)



**INDUSTRY**

**The Supply of Fuel Oil to Industry.**—According to statements made by the President of the Fuel Oil Committee of the Supreme Economic Council, the prospects of the supply of fuel oil to the Russian industries of 1926-27 are considerably worse than was at first supposed. The gross naphtha production of the Soviet Union will only amount to 9,386,000 tons, or 1,770,000 tons less than was originally estimated. Thus the production of fuel oil in the period in question will also be smaller, and with a demand of 4,600,000 tons only 4,350,000 tons will be available for delivery. In comparison with the previous year the output of naphtha will be 2.6 per cent. smaller. This shortage of fuel oil will force the chief consumers in Russia (industry and railroads) to revert to a certain extent to the use of coal. In 1926-27 the supply of fuel oil to the railways will be 1.3 per cent. less than in 1925-26, while the reduction in the supply to industry will be on an average 8 per cent. The most marked reductions as compared with 1925-26 will be in the case of the textile industry, by 39 per cent., and in that of the chemical industry, by 20 per cent. (*Hamburger Fremdenblatt*, No. 257.)

**SOCIAL AND LABOUR CONDITIONS**

**The Standard Wage.**—In consequence of the close relationship between the state of production and the level of wages, the years of War Communism were a period of starvation wages, misery and degradation for Russian workers. Whereas before the war wages represented from 95 to 100 per cent. of the labourer's income, under the régime of War Communism the wage percentage was reduced to 20 per cent.; indeed wages as such were entirely destroyed by State organisations. In an endeavour to make both ends meet the workers embarked on commercial speculation or put their goods and chattels up to auction and removed to the villages, where there was some possibility of finding employment.

The return to regular administration of money and goods and the reorganisation of industry on a "commercial" footing induced the Soviet Government to embark upon a new wages policy. Instead of the universal obligatory State provision, the new social policy went gradually over to the system of paying wages according to collective working contracts. As a general rule the wage standard is fixed on the basis of the tariff system and according to the minimum rate. Various tariff systems exist with different rates and coefficients for each rate. As regards the wage unit the Soviet Union has been divided into five zones since 1924. According to Article 59 of the Labour Code the wage must not be fixed lower than the obligatory State minimum, which is fixed from time to time by the competent authorities, i.e. the People's Commissariat

for Labour and Finance. In addition to this there are a few individual wage groups.

The development of the average monthly wage in the first years of the new economic policy is shown in the following table (in gold roubles):—

		Wage.	Percentage.
1913	...	25	100
1920-21	...	3	12
1921-22	...	7.3	29.2
1922-23	...	11.7	46.8

In comparison with the catastrophic period of War Communism, decided progress has been made. Thus the wage in 1921-22 was 2½ times as large as that of 1920, and by 1923 it had risen by 60 per cent.

According to industrial groups, the wage for all Russia during the first six months of 1923 developed as follows (in goods roubles):—

	1913.	1923.	First quarter.	Second quarter.
Average for all industries ...	22	11.30	12.64	12.10
Metal industry ...	33	11.71	14.29	12.89
Textile industry ...	18	9.38	9.78	10.05
Chemical industry ...	20	11.95	12.67	12.75
Leather industry ...	25	12.98	17.68	15.06
Printing industry ...	29	18.26	17.80	19.19
Foodstuffs industry ...	16	14.87	14.79	15.30
Paper industry ...	18	15.40	16.20	14.83

As shown by the above table the average monthly wage in all industries amounted in 1913 to R.22, in June 1923 to R.12.64; in the metal industry the corresponding figures are R.33 and R.14.29; in the textile industry R.18 and R.9.78. Wages in the Government of Petrograd and in Moscow are considerably higher than in the provinces. This fact is not only due to the minimum cost of living in the capitals being higher than in other towns; political considerations must also be reckoned with. In Petrograd and Moscow are concentrated those masses of labour on whose loyalty the Soviet Government largely depends. The average wage in Moscow reached 70 per cent. of the 1913 figure in January 1923, and in June 79.2 per cent.; in Petrograd 59.6 per cent. and 67.3 per cent.

It must always be remembered that the standard of living of the Russian worker before the war was a very low one. It was considerably below the conditions of life of the Western European worker. The idea of social legislation in the European sense of the word was unknown. This state of affairs made labour an easy prey to capitalism. Foreign capital was so largely engaged in Russia because labour was so cheap there. It is thus clear that in spite of the increase in wages under the new economic policy it was still far from representing a minimum living wage, nor was it even a definite result of Russian social policy. It may more justly be attributed to the blind play of forces. In the period that followed, when the advice of the old experts was increasingly consulted, the former chaos began gradually to disappear. Unfortunately, however, the employers declared against any increase in wages in the middle of 1923. The movement of wages in 1923 and 1924 is shown below (in roubles):—

		Per cent.
1922-23,	First quarter ...	13.56
	Second quarter ...	16.54
	Third quarter ...	16.46
	Fourth quarter ...	16.95
1923-24,	First quarter ...	19.33
	Second quarter ...	20.39
	Third quarter ...	20.42
	Fourth quarter ...	22.36

While in the second quarter of 1922-23 the average wage experienced a considerable increase of 22 per cent., in the third quarter there was a heavy drop. At the end of the year an improvement set in and the wage rose by 14 per cent., but in the second quarter of 1923-24 it fell again and remained unchanged throughout the third quarter. In the same period the index for all necessities rose steadily and all measures taken by the authorities to keep prices at a reasonable level were fruitless.

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Even the stabilisation of the currency failed to keep the soaring prices within bounds. After a slight increase in the first half of 1924-25 the standard wage began to sink steadily in the first quarter of 1925-26. According to statements of the Central Statistical Department of the Supreme People's Economic Council the average wage in industry changed as follows in the first six months of 1925-26 (in roubles):—

1925, October ...	28.63	1926, January ...	25.08
November ...	25.92	February ...	25.05
December ...	26.82	March ...	25.06

It may be seen from these figures that the standard wage has fallen by 12.5 per cent. This process, classified according to the individual industrial branches, developed as follows:—

	October 1925.	March 1926.	Percentage of decrease.
Hard coal industry ...	26.77	25.19	5.9
Metal industry ...	35.96	29.96	16.7
Textile industry ...	25.21	21.42	15.0
Chemical industry ...	37.89	30.84	18.6
Timber industry ...	31.42	23.74	24.5
Paper industry ...	31.94	27.47	14.0
Glass industry ...	26.65	23.69	11.1
Leather industry ...	36.34	33.56	7.6
Tobacco industry ...	40.12	31.31	22.0

According to the central organ of the Russian trade unions of May 28, 1926, the average wage in October 1925 was R.29.38 and in March 1926 R.25.06, which represents a decrease in the wage of 14.7 per cent. As a matter of fact the decrease was greater, as the official Budget index is always reckoned too low. Dr. Schwartz estimates the drop in the standard wage within the first six months in question at from 15 to 20 per cent. At the same time the level reached in October 1925 was still below the pre-war standard wage in every one of the industrial branches. Only workers in Moscow and Petrograd are relatively speaking favourably placed in this respect. Their average wage reached and even exceeded pre-war level, which, however, was very low. The present wage is so much farther from constituting a minimum living wage seeing that the prices of all necessities have in the meantime multiplied several times. Last year the workers pawned most of their household goods and wore their clothing to rags. It has therefore become imperative to make extensive new purchases, though with wages at the present level it will be impossible to effect the expenditure involved. (*Die Arbeit*, Sept.)

## SWITZERLAND

### POLITICAL AND GENERAL

**Economic Policy and Situation.**—The effects of the economic policy that Switzerland has followed during the course of the past few years are now beginning gradually to be reflected in the economic life of the country, writes Dr. S. Schneider in the *Wirtschaftsdienst* of October 8 last. The figures submitted in the following table enable an estimate to be formed as to the economic situation of the Republic (in Swiss francs):—

	Period.	1925.	1926.
Customs receipts ...	Jan.-July	109,773,000	115,794,000
Value of imports ...	"	1,432.5 mill.	1,404.3 mill.
Value of exports ...	"	1,222.5 mill.	1,017.9 mill.
Yield of stamp duties ...	"	27,322,000	31,028,000
Goods transport receipts of the Federal Railways ...	"	202,146,000	198,121,000
Surplus of the Federal Railways ...	"	63,169,000	69,847,000
Revenue of Post Office ...	"	70,039,000	71,753,000
Revenue of Telegraph and Telephone department ...	"	35,321,000	37,300,000
Post Office cheque and deposits turnover ...	July	1,936.5 mill.	1,928.5 mill.
Clearing house turnover ...	Jan.-July	8,495.8 mill.	8,981.6 mill.
Note circulation ...	July	824.4 mill.	803.4 mill.
" " ...	August	819.1 mill.	802.8 mill.
Proportion of cover of note circulation ...	July	72.43%	63.24%
Ditto ...	August	73.14%	63.57%

	Period.	1925.	1926.
Gold imports and exports (specie and bullion) ...	Jan.-July	56,991,000	33,887,000
Wholesale prices index number (Lorenz) ...	August	158.6	145.5
Ditto	September	159.4	146.0
Stocks and shares index number (Lorenz) ...	July	133.4	154.0
Ditto	August	137.9	159.8
Unemployed applications per 100 vacancies ...	June	353	587
Ditto	July	396	569
Ditto	August	420	600

A disquieting feature is that the adverse balance of foreign trade has been growing from year to year and from month to month. The adverse balance for the first seven months of 1925 was Fr.210.0 mill.; for the similar period of 1926, Fr.386.4 mill. The gradual augmentation of the adverse balance over so long a period testifies more convincingly to the critical state of the economic life of the country than do the various individual reports of different industries, unsatisfactory as these may be. In fact, the adherents to the balance of payments theory must be alarmed at this development. The decline of the export trade is, of course, partly due to the currency conditions in the neighbouring countries, Italy and France; but a cause of more or at least equal consequence may be found in the economic policy that Switzerland has followed, a policy that is based upon agrarian protection and the artificial stimulation of agricultural production. Such a policy necessarily results in keeping up the cost of living at a very high level, leading further to industrial stagnation, which is only mollified by palliatives in the form of unemployment benefits, etc. Meanwhile industry itself must remain in the same unfavourable conditions of production. The fact that the diminution of exports is not merely confined to the trade in luxury articles such as lace and embroidery, which are so dependent upon the Customs tariffs of foreign countries, but also concerns such well-established branches as the textile and machine industries, suggests that the evil has eaten its way into the very heart of the country's economic life. In short, the country is passing through a crisis which may necessitate an alteration of its economic structure, and which will in any case entail enormous losses.

The significance of the unsatisfactory figures relating to foreign trade is but confirmed by the statistics of other branches of national economy. These may be divided into two groups: in addition to the purely economic indices, such as commercial traffic, transport receipts, etc., there is the group of activities which, apart from reflecting the general economic conditions, are also influenced by legislation and by the way in which national economy is managed: surpluses of State undertakings, Customs receipts, the yield of stamp duties, etc. The course of the development of the two divisions is in opposite direction: the decline of foreign trade is accompanied by an increase in the Customs receipts, and the diminution of the transport returns by an improvement in the surplus of State undertakings, such as the Post Office. In themselves, these surpluses of the State undertakings are very welcome; but when they are obtained during a critical period in the economic life of the country, when the wholesale prices index and the cost of living index are both well above the level of the world market, it is questionable whether they are of benefit to the country. The present tendency is for the State to secure for itself an ever increasing portion of the national income; if such a tendency becomes pronounced and continues for any length of time, it may prove in the end disastrous to the country, particularly for private enterprise upon which the welfare of the country virtually depends.

The situation in the Swiss labour market is to-day much worse than it was a year ago, when the introduction of the higher duties in Great Britain caused a catastrophe in the Swiss textile industry. The official reports state that the unemployment is due to seasonal

influences; it is, however, of far greater significance. The situation is gradually and steadily becoming worse, and that is more detrimental to the country than a quickly developing crisis in single industries. The symptom is general and suggests that, in addition to the market structure being faulty, production itself has become enfeebled.

The comparatively slight movement of intact foreign currencies during the past few months has shown that the stabilisation is progressing favourably, a fact that can be seen from the diminution in the average monthly fluctuations from parity. It is to be expected, too, that the proposed consolidation of the floating debt will exercise a favourable reaction upon the foreign exchange. The market for short-dated credit showed but little variation during the summer months, since the money liquidity remained fairly considerable. In the market for long term loans there was a sustained demand for stocks and shares, particularly of banking concerns, and more recently of industrial undertakings. In general there was a pronounced rise in the average price level, as compared with the indices of the corresponding months last year (June 131.0, July 133.4, August 137.9). The upward movement was 2.8 per cent. in these months last year, and 15.4 per cent. this year. The development of the single indices is shown in the following table:—

	End of	January.	March.	June.	August.
Large banks ...	128.4	131.6	135.0	143.8	
Trust banks ...	128.7	136.4	133.1	137.3	
Industrial banks ...	171.6	174.9	177.9	184.2	
Total index ...	137.9	152.4	153.3	159.8	

The rate of the upward movement has somewhat slackened since the beginning of the year. The market condition of the last few weeks may even bring this movement to a standstill.

Issues have been slight since the beginning of the present year and in summer showed no marked increase in activity. Industry held aloof from the few internal issues that were made. Foreign issues, on the other hand, resulted in brisk business towards the end of August, particularly the slice of the Belgian Railways stock (200 mill. Belgian francs preference shares) that was placed on the Swiss market. Holders of these stocks have a claim to a fixed interest of 6 per cent. and a dividend of  $\frac{1}{2}$  per cent. on the net profits of the undertaking, the interest being guaranteed by the State. About the same time a 7 per cent. loan of the French State Railways, to the amount of 60 mill. Swiss francs at 94, was placed on the Swiss market. These issues have again raised the question of the exportation of capital and of the interest conditions within the country.

## TRADE

**Foreign Trade Returns for August.**—There was a slight improvement in Switzerland's foreign trade during the month of August, imports having receded while exports remained practically stationary, in comparison with trade in July. The total value of imports was Fr.194.9 mill. and that of exports Fr.148.0 mill., as against imports at Fr.220.4 mill. and exports at Fr.147.7 mill. in July. The adverse balance of trade, which has been persistent throughout the year, was thus reduced from Fr.72.7 mill. to Fr.46.9 mill. The value of exports in August was 75.9 per cent. of that of imports; in July exports were only 67 per cent. of the total value of imports. The figures for August last year were: imports, Fr.212.1 mill.; exports, 153.3 mill.; adverse balance, Fr.58.8 mill. Imports in August last were lower than in any previous month during the present year with the exception of April and May; and exports were higher with the exception of the months of March, April and June. August imports were classified as follows (in millions of francs): foodstuffs, 43; raw materials for agriculture, 10; fuel, etc., 15; general raw materials, 42; manufactured goods, 44; other commodities, 41. These figures indicate a growth in

the importation of raw materials for agriculture, a slight increase in general raw materials and manufactured goods, a considerable drop in foodstuffs and in "other commodities," while fuel, etc., remained at the same level in comparison with July. The outstanding feature of exports was the growth of consignments abroad of wool and woollen goods, skins, leather and footwear, etc., instruments and apparatus, chemical products, and medicaments and perfumery. Exports to Great Britain totalled Fr.23.0 mill., and those to Germany Fr.25.5 mill. Consignments to other individual countries were in every case below these figures. (*Rapports Economiques de la Feuille Officielle Suisse du Commerce*, September.)

**Benzine and Coal Imports.**—The development of Switzerland's hydraulic forces has naturally led to a diminution of coal imports; but the influence of this decline on the commercial balance is offset by the heavy increase in the importation of benzine, for which commodity Switzerland is becoming more and more dependent upon foreign countries. The electrification of the Federal Railways has resulted in a marked reduction in the consumption of fuel, the total for 1925 being only 422,400 tons, as against 462,500 tons in 1924, 464,000 tons in 1923, 451,000 tons in 1922, 454,000 tons in 1921, 520,400 tons in 1920, and 701,100 tons in 1913. From 1913 to 1925 the consumption of coal by the Federal Railways has dropped by about 40 per cent., a development that is naturally reflected in the import returns. The general consumption of benzine, on the contrary, has been several times multiplied during the same period, imports of this commodity having increased by nearly four and a half times the volume imported in 1913. The following table gives the figures of benzine and coal imports into Switzerland in 1913 and in the different years from 1920 to 1925:—

Imports.	Benzine.		Coal.	
	Tons.	Index No. (1913 = 100).	Tons.	Index No. (1913 = 100).
1913 ...	161	100	33,775	100
1920 ...	349	217	26,381	78
1921 ...	230	143	16,237	38
1922 ...	391	243	21,945	65
1923 ...	448	278	27,536	81
1924 ...	477	296	25,654	76
1925 ...	698	434	27,007	80

In 1913 benzine imports were only 5.3 per cent. of the value of coal imports; in 1925 the proportion of benzine imports was 23.3 per cent. of the value of coal imports. Switzerland is now paying for benzine imports about the same sum as she paid for coal imports some forty years ago. (*Rapports Economiques de la Feuille Officielle Suisse du Commerce*, September.)

## AGRICULTURE

**Decline of Agricultural Activity.**—The flight from the land, that has been a general world feature during the past hundred years, has been more pronounced in Switzerland than in most other countries. To-day about two-thirds of the entire population of Switzerland are engaged in industry, commerce or the transport trade, whereas the majority of these formerly followed agricultural pursuits. It is estimated that in Switzerland 27 per cent. of the total population is employed in agricultural work of various kinds, as against 32 per cent. in Germany, 41 per cent. in France, 56 per cent. in Italy, 56 per cent. in Spain, 37 per cent. in Czechoslovakia, 28 per cent. in Holland, 39 per cent. in Sweden, 31 per cent. in Denmark, 36 per cent. in Norway and 33 per cent. in the United States. Among leading countries the percentage of agricultural workers is lower only in Great Britain (12 per cent.) and in Belgium (17 per cent.). The war showed the great importance of developing national agriculture and efforts were made in Switzerland to revive this activity. But in spite of the policy of protection that has been adopted with a view to encouraging agriculture and which is generally believed to have been of particular benefit to the small and middle-class cultivator, the problem of the conservation of the

agricultural population in Switzerland has by no means been solved. The existence of a large proportion of agricultural workers in this country depends upon the exportation of milk; when this commerce recedes there is naturally a further decline in the agricultural population. Under such circumstances it is particularly important that the cultivation of wheat should be encouraged to the very utmost. The following table, prepared by Volkart, shows that in general the agricultural population increases in proportion to the acreage of productive land brought under wheat cultivation:—

Proportion of wheat land to total productive area.	Number of districts.	Agricultural population employed per 100 hectares of productive land.
0 — 5 per cent....	85	42.0
5.1—10 „ „ ...	23	48.4
10.1—15 „ „ ...	26	53.9
15.1—20 „ „ ...	28	59.4
20.1—25 „ „ ...	21	61.4
25.1 „ „ and over	33	68.4

It is clear that Switzerland's policy should be to stimulate the cultivation of wheat and thus reinforce the agricultural population. This is, of course, not the only means that might be adopted. There has been a pronounced emigration of the highland population, largely on account of the disappearance of cottage industries. At the present moment, however, it would be difficult to revive this home activity, since its success also depends largely upon a brisk export trade. The rapid development of hydraulic forces in Switzerland has further commandeered a large portion of the land formerly devoted to agricultural exploitation. The difficulties with which Swiss agriculture is faced are doubtless formidable; but if the economic stability of the country is to be maintained some means must be found to revive and foster work upon the land. (*Rapports Economiques de la Feuille Officielle Suisse du Commerce*, September.)

## SOCIAL AND LABOUR CONDITIONS

**Increase in Unemployment.**—The growth of the number of unemployed in Switzerland that became noticeable during the course of July continued at about the same rate throughout August. At the beginning of September the total number of registered applications for work was 11,818, which is the highest number since the month of March this year, and an increase of about 2,000 on the preceding month. As against this number of unemployed there were only 1,909 vacancies, so that the applications for work represented 691 per cent. of the vacancies, which is the highest percentage since February. In addition there were 3,542 unskilled labourers applying for work. The situation of the labour market in August was worse than in the corresponding period last year, when the total number of applications was 9,895 and the number of vacancies 2,489, the applications representing 396 per cent. of the vacancies. This increase in unemployment was common to all branches of industrial and commercial activity with the exception of the watch-making industry and the transport trade. The situation in the clothing and leather working branches and in the building trades is particularly bad, the number of unemployed in the former being 56 per cent. and in the last-mentioned 66 per cent. higher than a year ago. In view of the approach of the winter months the situation in the Swiss labour market is regarded as very grave; last December the number of unemployed was nearly double that of the preceding August, and it is probable that a similar backward movement will again take place this winter.

The full details of the movements in the different industrial and commercial branches during the course of the present year, in comparison with the figures for the corresponding months last year, are published in the *Rapports Economiques de la Feuille Officielle Suisse du Commerce* of September last.

# YUGO-SLAVIA

## POLITICAL AND GENERAL

### The Steel Cartel and Yugo-Slav National Economy.

—One of the first measures that the new Steel Cartel has in view is a general increase of prices by 20 per cent. The economic life of countries obliged to import metallurgical goods will accordingly suffer as a result of this measure; among these countries Yugo-Slavia must be included. Yugo-Slav industries that consume iron in the semi-manufactured state will be compelled to raise their selling prices. Moreover, the imports from Germany on reparation account consist mainly of metal wares; under the new conditions the annual quota will naturally be appreciably diminished. As an example of the general effect upon Yugo-Slav economic life it may be mentioned that the metal constructions for the Pantchévo bridge will now cost the country some tens of millions of dinars more than originally estimated.

On the other hand, the constitution of the Cartel may have a favourable reaction on at least one section of the national economic life. The Yugo-Slav blast furnaces at Varch and the metal works at Yessénitsé, Zéntisa, Stori and Gouchtagne have all suffered very considerably from foreign competition, owing to foreign prices being up to now very much below the pre-war level. For this reason these works have been obliged to restrict their output to an amount greatly below their capacity. If the Cartel imposes a 20 per cent. increase in price on goods delivered to Yugo-Slavia, this country's enterprises, already protected by the Customs tariff, would be able to augment their production and cover the requirements of the country. But the situation would become disastrous if the Cartel, instead of extending the 20 per cent. increase to this country, were not only to maintain the present rate but also proceed to cut prices with a view to crushing the Yugo-Slav industry. Such an eventuality would bring the home enterprises to a complete standstill. Should the Cartel show that its intentions lie in this direction, it would be the duty of the country to agitate for the imposition of much heavier duties on foreign goods or even for a prohibition of metallurgical imports. The situation would assume an altogether different aspect if the Cartel admitted the Yugo-Slav enterprises into its own group. Prices would then naturally rise somewhat; but home industry would be assured by the Cartel of the supplies required by the Yugo-Slav market. (*Trgovinski Glasnik*, Oct. 26.)

## FINANCE

### Provisional Draft of the Budget for 1927-28.—

On October 18 the Minister of Finance submitted to the Cabinet Council the provisional draft of the Budget for the financial year 1927-28. As previously reported, Dr. Perich attaches great importance to the necessity of carrying out his policy of drastic retrenchment; his present estimates show that he is demanding from various Ministries a reduction of from 10 to 20 per cent. in their respective budgets as compared with the figures of the preceding estimates. The Minister of Finance is further determined to meet all expenditure out of current revenue. A mistake of previous budgets has been that the estimated revenue of certain Ministries was much higher than the amount actually realised. The revenue accruing to the account of the Ministries of Communications and of Forestry is receiving the special attention of the Minister of Finance, as the budgets of these departments show a deficit. A sum of 490 mill. dinars was originally estimated for pensions, but it now appears that a further 120 millions are required. The income of the Ministry of Communications was estimated in the last Budget at 3,500 mill. dinars, but actually fell about 500 mill. to 600 mill. dinars below this figure.

Various items in the provisional draft may yet be revised; but the final estimates will probably be much the same on the whole as those now submitted. This will mean that the total expenditure will figure at about

11,000 mill. dinars, or about 2 millions below the preceding estimates. It is interesting to note that for the first time since the war the draft of the Budget for the ensuing financial year has been prepared and submitted within the prescribed period. (*Politika*, Oct. 17; *Morgenblatt*, Zagreb, Oct. 19.)

**Budgetary Situation April to June.**—The official returns of national expenditure and revenue for the quarter April to June of the present year show a very satisfactory development. The total amount of expenditure was 2,120.4 mill. dinars, while the total revenue collected was 2,463.6 mill. dinars, thus resulting in a surplus of about 343.25 mill. dinars. The items of expenditure of the different Ministries and departments over this quarter were as follows (in dinars):—

<i>Expenditure.</i>		
Supreme State Administration	...	48,265,857.02
Pensions	...	130,450,987.17
Public Debt	...	79,489,860.48
Ministry of Justice	...	54,647,530.39
"    Public Instruction	...	155,569,801.72
"    Religious Affairs	...	21,889,880.80
"    Public Health	...	155,327,006.44
"    Foreign Affairs	...	41,514,603.56
"    Finance	...	250,277,315.68
"    War and Marine	...	283,381,368.00
"    Public Works	...	14,537,456.37
"    Communications	...	407,406,018.30
"    Posts and Telegraphs	...	72,943,867.86
"    Agriculture and Waterways	...	17,934,591.37
"    Forests and Mines	...	83,940,584.46
"    Commerce and Industry	...	9,976,498.93
"    Social Welfare	...	25,424,832.46
"    Land Reform	...	5,436,868.91
"    for the Unification of Laws	...	105,368.00
Budget reserves	...	73,539,517.15
Various obligations	...	1,500,000.00
Provisionary payments	...	42,012,235.23
<b>Total</b>	<b>...</b>	<b>2,120,410,410.01</b>

The various receipts collected during the quarter are classified as follows (in dinars):—

<i>Revenue.</i>		
General direct taxes and super-tax	...	162,771,721.93
Direct taxes and special super-tax	...	143,957,171.00
Consumption tax	...	157,214,617.83
General taxes, tolls, etc.	...	246,304,041.57
Customs receipts	...	418,623,422.81
Monopolies	...	617,679,311.93
Ministry of Communications	...	476,636,125.59
"    Posts and Telegraphs	...	116,820,541.13
"    Forests and Mines	...	92,330,049.60
State domains	...	559,177.84
Agricultural properties	...	2,507,282.32
Capital and stock	...	1,365,768.08
State printing works	...	5,799,959.70
Trade and industrial institutions	...	99,807.22
Miscellaneous receipts, general	...	12,858,335.36
"    special	...	8,136,357.84
<b>Total</b>	<b>...</b>	<b>2,463,663,691.75</b>

**New Credit Policy of the National Bank.**—During the month of October several conferences were held by Dr. Novakovich, the director-general of the Yugo-Slav National Bank, with various financial experts and representatives of national economy with a view to introducing a new credit policy. Up to the present the National Bank has for the most part granted credit to private banks, for which the banks transferred in most cases acceptances of industries with which they had relations or which were controlled by these banks. The National Bank now wishes gradually to do away with this class of business and to make the money that will thereby become liquid more available for commerce and industry. This will mean the granting of credits in larger measure against commercial bills, naturally on sufficient guarantees. When the transformation of the policy is completed the National Bank will not receive any more acceptances, but only commercial bills, either out of the portfolio of the banks or from firms of undoubtedly good standing.

This change of policy is bound to have a pronounced effect on the Yugo-Slav money market. Owing to the peculiar situation prevailing after the war the bill port-

folio of the banks is very light; there will consequently be a lively demand on the part of the banks for commercial bills, which should lead to a cheapening of the rates of interest and also of the whole credit business. The new credit business will likewise result in a severe control of credit capacity.

The credit of the National Bank has hitherto been available almost exclusively for the financing of industry; under the new arrangement both commerce and production will be served immediately. Long term financing business will be converted into short term credit business in the narrower sense. The money market will become brisker and much stagnant cash will be released. For the financing of industry it will be necessary gradually to find some fresh means. In this respect the issue of industrial obligations may come into consideration, for the Government has long since been giving attention to this particular question, although so far nothing has been done towards its realisation. In connection with such a development the banks would have to direct more of their attention to the hypothecary business, which has so long been neglected; but this could not be considered without a cheapening of interest. The direct participation of foreign capital in Yugo-Slav industry, whether for the purpose of financing or of increasing existing capital, is another matter that must not be overlooked.

By the new policy that it is now adopting the National Bank reverts to its real task of acting as money giver and regulator of the money market. Both commerce and industry are undoubtedly in great need of short term credit for fostering their activities to better productive ends. The decision of the National Bank will doubtless be received most cordially by these and, indeed, by all economic circles. (*Morgenblatt*, Zagreb, Oct. 30.)

It is reported that the Belgrade branch of the British Trade Corporation is to be given up.

THE Yugo-Slav Government is expected shortly to grant a concession for the erection of a Ford Motor Car works on the Adriatic coast.

FOREIGN BANK RATES.

Per cent.		Per cent.		Per cent.	
Amsterdam	3½	Dublin	6	Prague	5½
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	4½	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.

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## THE ECONOMIST'S BOOKSHELF.

### ENGLAND'S ECONOMIC CRISIS.

**Der Weltmarkt 1913 und heute.** By Dr. HERMANN LEVY. (Leipzig: Verlag B. G. Teubner. 1926.)  
**Die Englische Wirtschaft von heute.** By Dipl. Kaufmann Dr. TH. MERTEN. (M. Gladbach: Volksvereins-Verlag. 1926.)

There is nothing new in these two German publications, one of which is a well written pamphlet and the other a badly compiled book. We all know the most glaring features of England's economic plight: the unsatisfactory position of agriculture, the growth of imports and the reduction of exports, the shrinkage of certain markets and increased foreign competition, a general worsening not only of the balance of trade but also reduced "invisible" items in the balance of payments and therefore a deficit even in the latter. These very unfavourable features affect primarily the export industries, which are compelled to reduce their production, suffer severe losses and carry the largest number of unemployed. We observe as a consequence of this that the centre of gravity of English industry is shifting from export trade to catering for the internal market, and it is extremely symptomatic that some of the industries working for the latter are in an excellent position.

These industries enjoy "protection" at the expense of those which depend entirely on the foreign market. Since, however, in spite of the encouragement given to the development of internal and imperial trade, this country cannot do without the world's markets for its goods and must struggle for the expansion of the latter, the export industries are face to face with the problem of reducing their cost of production and increasing their competitive power. That this problem can only be solved by close and loyal co-operation between capital and labour there can be no doubt. And bitter as class feeling may be at the present moment, particularly in the coal mining industry of course, in one respect perhaps the coal strike will in the long run prove to have been a blessing in disguise. It will make the owners and the workmen realise that without this co-operation and understanding British industry cannot be put on its legs again. While the workman will have to agree to certain not inconsiderable sacrifices, the capitalist must make it worth his while to do so. He must show his readiness and capacity to provide good organisation, efficient management and up-to-date plant. A pitiful display has recently been given in this respect by many a well-known firm. Losses like those of Vickers, Wolseley, Armstrong Whitworth, to mention just a few, show that the management of these undertakings was unsatisfactory. Adverse trade conditions are not a sufficient explanation of these companies' misfortunes. Nor can it be denied that in most industries for years and generations too much money has been paid out in dividends and bonuses, and not enough put aside for re-equipping the factories with modern plant and keeping machinery up to date. It is still possible to find leading British firms with machinery eighty years old, and not under a glass case in the entrance lobby! Meanwhile Germany, the United States and even France have installed or are installing all the most modern technical devices, thus providing their industries with a competitive power quite unknown in the British Isles.

Great Britain, which in practically every branch of industrial activity has for a long time been a pioneer, is to-day backward, and must make a supreme effort to retain that position among the leading industrial countries of the world, to which she is entitled. We are often told that she is incapable of doing this and that the race is degenerating. This gloomy view is strikingly contradicted by some of the facts. An event like the great amalgamation in the chemical industry is a most hopeful symptom and shows that the much delayed process of rationalisation in British industry

has begun. Then again there are a number of firms whose perfect organisation and careful scientific management ought to set an example to the others.

When the coal strike has adjusted itself, as no doubt it will, there is no reason why there should not be a great improvement in England's economic position. Statically it will be worse, for the country will have to carry the large number of those thrown out of the coal industry. Dynamically it will be better, for these surplus coal miners, or at least their children, will gradually be absorbed by other trades. From the purely economic point of view England's situation is unfavourable, but other factors must be taken into consideration and these are in the first place the essential characteristics of the British race. And these have not changed since 1913.

Both German authors fully realise that, and their books are further evidence that there is no reason to despair. While Dr. Merten's pamphlet is limited to summarising the changes that have taken place in the economic life of England since 1913, Professor Hermann Levy attempts to cover a much larger ground. This book, which is proudly called "The World Market in 1913 and To-day," does not altogether justify its title. It is disappointingly devoid of originality and follows very closely the "Survey of Overseas Markets." Those German readers who are not familiar with this excellent British publication may find Professor Levy's book quite useful and interesting. Unfortunately the reviewer is not in the same position, and must frankly give his preference to Dr. Merten's pamphlet. It does not aim so high and therefore does not fall so short of the reader's expectations. But it does give a brief and fair summary of England's economic position that could hardly be improved upon. Also it brings out what must be felt by many people in England, and it is this: the pessimists state with great vehemence that this country is doomed and the optimists assert very emphatically that "the good old country is going to muddle through." Neither of these opinions is justified. There is no reason to believe in the imminent downfall of the United Kingdom or the Empire, but there is still less reason to rely on "muddling through" as a solution for the very severe crisis at present afflicting the British race. On many occasions Great Britain has shown that she fully possesses the qualities that are necessary to overcome her difficulties. In many ways she is showing this even now. However, it is not "muddling" that is wanted—there has been enough of it in the past—but courage, wisdom and leadership.

G. S.

### PUBLICATIONS RECEIVED.

*A Short History of the British Working Class Movement 1789-1925.* By G. D. H. Cole. Vol. II., 1848-1900. (London: George Allen and Unwin, Limited, and the Labour Publishing Company Limited. Price, 6s. net.)

*English, French and German Banking Terms, Phrases and Correspondence arranged in Parallel Dictionary Form, including an Appendix of the Lesser-known French and German Financial Terms and their English Equivalents, together with an Index from French and German into English.* Compiled by Herbert Scott, Foreign Correspondent, British Overseas Bank, Limited. Second revised edition. (London: Effingham Wilson. Price, 10s. net.)

*La Pressione Tributaria e la Variazione dei Redditi della Città di Torino, 1880-1925.* By Francesco Antonio Rèpaci. (Turin: Fratelli Pozzo.)

*La Restauration Monétaire et Financière de l'Autriche.* By G.-H. Bousquet. (Paris: Marcel Rivière. Price, Fr.8.)

*Latvia and Russia: One Problem of the World-Peace Considered.* By Arved Berg, Member of the National Council of Latvia. (London: J. M. Dent & Sons Ltd.)

*Money: Its Connexion with Rising and Falling Prices.* By Edwin Cannan, M.A., LL.D., Professor of Political Economy in the University of London. Fifth edition, revised. (London: P. S. King & Son, Ltd. Price, 3s. 6d. net.)

*Report on the Commercial, Industrial and Economic Situation in China to 30th June, 1926.* By A. H. George, Acting Commercial Secretary, Shanghai. Together with a *Report on the Trade of South Manchuria.* By O. White, His Majesty's Consul at Dairen.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. net.)

# STATISTICAL SECTION

## THE TRADE BAROMETER

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

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

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

TABLE I.

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.					
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	Sept. 17	152.6	150.9
Apr. 15	202.8	204.8	Mar. 14	182.1	165.4	July 17	160.3	157.5	Oct. 1	150.9	
July 15	194.4	194.1	Apr. 18	177.5	164.7	Aug. 14	158.6	157.0	Oct. 8	151.5	
Oct. 14	170.2	180.7	May 16	171.2	163.7	Sept. 18	158.3	155.1	Oct. 15	151.2	152.1
Dec. 16	153.2	167.9	June 20	167.8	162.6	Oct. 16	154.1	153.9	Oct. 22	149.8	
Dec. 30	150.0		July 18	167.1	162.6	Nov. 13	153.2	153.7	Nov. 29	152.2	
1922.			Aug. 15	175.3	165.2	Dec. 18	153.0	153.2	Nov. 5	151.3	
Jan. 20	144.0	164.0	Sept. 19	167.9	166.9	1926.			Nov. 12	152.9	
May 19	162.1	160.6	Oct. 17	172.5	170.2	Jan. 15	151.6	151.3			
July 14	165.1	160.3	Nov. 14	173.3	169.8	Feb. 12	148.4	148.8			
Sept. 15	161.2	154.3	Dec. 12	171.7	170.1	Mar. 12	146.1	144.4			
Dec. 15	161.2	155.8									

TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921.	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												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	98.4	82.8	104.0	134.6	105.90	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	128.7	84.8	83.0	66.2	145.9*	109.50	Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
1925.												1925.
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	Oct. 30
1926.												1926.
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	Mar. 26
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. 22 ...	94.3	184.0	60.4†	111.4	61.7	106.2	102.9	106.7	85.3	85.9	99.88	Oct. 22
Nov. 5 ...	108.5	179.4	60.4†	109.6	62.7	100.0	102.9	111.5	86.8	87.1	100.89	Nov. 5
Nov. 12 ...	110.8	184.3	60.4†	109.6	61.5	100.0	102.9	117.0	85.7	87.1	101.93	Nov. 12

† 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- trials.	Bonds.*		Indus- trials.	Gilt edged.		Week ending	Indus- trials.	Bonds.*		Indus- trials.	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		Jan. 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		June 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		Aug. 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	
Mar. 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		May 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	
Jan. 19	119.1	100.1		119.1	112.2		Oct. 16	181.1	106.6		127.5	111.6	
June 21	115.3	103.3		118.2	118.0		Nov. 6	188.7	107.2		128.2	112.1	
Nov. 8	130.1	103.7		133.7	120.4		Nov. 13	190.6	107.4		127.3	112.2	

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

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