

# THE ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS  
AND  
A JOURNAL OF POLITICAL ECONOMY  
[REGISTERED AT THE G.P.O. AS A NEWSPAPER.]

VOL. XIV. No. 23.

DECEMBER 3, 1926.

PRICE 1s. WEEKLY

## BANK OF ROUMANIA,

LIMITED.

(Founded 1866.)

Head Office: 16 Gracechurch St., E.C.

Branch: 11 Calea Victoriei, Bucarest.

DIRECTORS.

E. W. H. BARRY, ESQ.  
C. DE CERJAT, ESQ.  
GENERAL THE HON. SIR  
H. A. LAWRENCE, K.C.B.

LORD ORANMORE & BROWN  
K.P., P.C.  
LT.-COL. SIR ALBERT STERN,  
K.B.E., C.M.G.

Bankers { Bank of England.  
Messrs. Glyn, Mills, Currie & Co.

A general Banking Business with Roumania is conducted, and correspondence from those having interests in that country is invited.

## Crypt House Press Ltd.

SPECIALISTS IN  
BOOK, MAGAZINE and  
GENERAL PRINTING.

INQUIRIES INVITED.

Our Representative will be pleased to Call and Submit Specimens on receipt of a Post Card or Telephone Message.

Head Office and Works:

CRYPT HOUSE PRESS,  
GLOUCESTER.

'Phone: 734 GLOUCESTER.

London Office:

6 JOHN STREET, ADELPHI,  
W.C.2.

'Phone: GERRARD 1396.

## NEW PUBLICATIONS

OF THE

# International Labour Office

(LEAGUE OF NATIONS).

### METHODS OF CONDUCTING FAMILY BUDGET INQUIRIES.

Price 1s. 6d.

Methods adopted in various countries in conducting such inquiries are examined in detail. The objects for making such inquiries are also examined, together with the problem of selecting representative families, the scope of the information required, the duration of inquiries and the methods of compiling results.

### METHODS OF COMPILING STATISTICS OF INDUSTRIAL DISPUTES ... .. Price 1s.

The object of the statistics, their methods of collection and publication and of recording the number of disputes is dealt with, together with the various methods of classification, either by their nature or importance and proposals made for the best methods which might be adopted by the different countries from the standpoint of international comparison.

### METHODS OF COMPILING STATISTICS OF COLLECTIVE AGREEMENTS ... .. Price 10d.

The general problems involved are analysed, together with the objects such statistics are intended to serve. The most appropriate methods are discussed, various systems of classification studied and proposals made for the compilation on more or less uniform lines to facilitate international comparison.

(Published in Great Britain by Messrs. P. S. King & Sons.)

### STATISTICS OF EMPLOYMENT, WAGE RATES AND WHOLESALE AND RETAIL PRICES

are also printed monthly in the *International Labour Review*. Monthly 2s. 6d. Annual Subscription £1 4s. 0d.

(Published in Great Britain by Messrs. Allen & Unwin, Ltd.)

For complete Catalogue of International Labour Office Publications write to:—

London Office: International Labour Office,  
26, Buckingham Gate, S.W.1.

# METRON

## INTERNATIONAL REVIEW OF STATISTICS.

EDITOR AND PROPRIETOR—

DR. CORRADO GINI, Director of the Statistical Institute in the University of Padua (Italy).

EDITORIAL COMMITTEE—

A. Andr  d  s (Athens), A. E. Bunge (Buenos Aires), F. P. Cantelli (Rome), C. V. L. Charlier (Lund), E. Czuber (Vienna), F. v. Fellner (Budapest), A. Flores de Lemus (Madrid), M. Greenwood (London), G. H. Knibbs (Melbourne), L. March (Paris), A. W. Methorst (La Aja), A. Jullin (Brussels), R. Pearl (Baltimore), H. Westergaard (Copenhagen).

CHIEF OF THE EDITORIAL OFFICE—  
PROF. GAETANO PIETRA (Padua).

METRON is published four times a year, the four numbers making a volume of 700 to 800 pages in all.

It accepts original articles on statistical methods and on the application of statistics to the different spheres of activity, and reviews or discussions of results obtained by statistical methods in various fields of science, or such material as may be of interest to the statistician. A bibliography is annexed of all works or reviews presented or received in exchange.

Articles and reviews may be written in English, Italian, French or German. Manuscripts in English, French or German should be typewritten.

Contributors will receive free of charge 25 copies of their publications issued.

The subscription rate for Vol. IV. is 20s. (draft) in Europe and \$5 (draft) in other parts of the world, post free; single copies, 6s. and \$14 respectively each, post free. For Italy and countries with more unfavourable exchange the subscription rate for Vol. IV. is 54 It. lire, and for single copies 16 It. lire each, post free.

### EDITORIAL, SUBSCRIPTION AND ADVERTISING OFFICES—

Metron, Istituto di Statistica,  
R. Universit  , Padua (Italy).

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

# CONTENTS

COMMENTS ... .. 485	SPAIN ... .. 498	
<b>SPECIAL ARTICLES</b>		
The Surplus of Shipping ... .. 487	The Political Situation	
Fifth Anniversary of the Foundation of the Soviet State Bank ... .. 489	Reform of the Coinage	
Economic Conditions in Hungary in 1925 ... 490	Successful Debt Issue	
<b>ECONOMIC SURVEY</b>		
ALBANIA ... .. 491	Foreign Trade Returns for the Half-year	
Political and Economic Conditions	Commercial Relations with Great Britain	
The National Bank and the National Currency	Protest against the Embargo on Steel Imports	
DENMARK ... .. 493	Railway Tenders	
Economic and Trade Conditions in October	Importation of Arms and Ammunition from Great Britain	
FRANCE ... .. 493	Discovery of Phosphate Beds	
Fluctuation of the Franc and Public Opinion	Labour Corporations	
Algeria's Foreign Trade Returns	Cost of Living	
Coal Output in the Devastated Areas in October	YUGO-SLAVIA ... .. 502	
Dear Money the Enemy of "White Coal"	British Capital in Yugo-Slavia	
GERMANY ... .. 494	The Export Trade	
The Burden of Taxation in 1926 and 1913	Export Possibilities for Agriculture	
Reich Revenue Returns for October	A New Railway	
Position of the Ruhr Coal Industry	CENTRAL AMERICA ... .. 502	
The European Aluminium Cartel	<i>Mexico.</i> —Steamship and Air Services, Telegraphs and Telephones	
Shipbuilding Projects	Foreign Bank Rates... .. 504	
LATVIA ... .. 497	<b>THE ECONOMIST'S BOOKSHELF</b>	
Constitution of the Seim	The Alleged Fall of Free Trade ... .. 503	
Foreign Trade Returns for August and September	Short Notices ... .. 503	
Industrial Progress	Publications Received ... .. 504	
The Port of Riga in August and September	<b>STATISTICAL SECTION</b>	
	The Trade Barometer ... .. 505	
	Security Prices ... .. 505	

## PICKFORDS & HAY'S WHARF SHIPPING & FORWARDING COMPANY, LTD.

and Associated Companies control the largest and most efficient interlocking services connected with the Shipping Trade.

### ASSOCIATED COMPANIES—

THE PROPRIETORS OF HAY'S WHARF, LTD.  
PICKFORDS, LTD.  
HAY'S WHARF CARTAGE CO., LTD.  
HUMPHERY & GREY (LIGHTERAGE), LTD.  
PICKFORDS COLONIAL, INC., NEW YORK.  
PICKFORDS COLONIAL, LTD., SOUTH AFRICA.  
JOHN TROPP & SON (HAY'S WHARF), LTD.  
CONTINENTAL EXPRESS, LTD.  
SOCIETE ANONYME PICKFORDS (PARIS).

### WHARVES OWNED AND CONTROLLED BY OUR ORGANISATION :

HAY'S WHARF. FENNINGS' WHARF.  
COTTON'S WHARF. PICKFORDS WHARF.  
WILLSON'S WHARF. CHAMBERLAIN'S WHARF.  
HIBERNIA WHARF. GRIFFIN'S WHARF.

NINE STEAMER BERTHS

55, GREAT TOWER STREET,  
LONDON, E.C. 3.

Phone : 1961 Royal.

Use Pickfords—it costs no more to use the Best.

## P. S. KING & SON, Ltd.

**THE TOWN-PLANNING HANDBOOK**, including full text of the Town-planning (Consolidating) Act, 1925.

By RICHARD REISS, Chairman of the Executive of the Garden Cities and Town Planning Association. 130 pp. 3s.

The purpose of this book is to provide in compact form the information necessary for an understanding of the problems connected with town-planning and of the legislation on the subject.

### IF ONLY WE WOULD.

By RT. HON. T. J. MACNAMARA, LL.D., with an Introduction by the RT. HON. D. LLOYD GEORGE, O.M., M.P. 96 pp. 2s. 6d.

Some reflections on our social shortcomings, with some suggestions for their removal.

*In the Press.*

### THE INDUSTRY AND TRADE OF JAPAN.

By S. UYEHARA, M.Sc. Demy 8vo. 340 pp. Cloth, 15s.

The purpose of this book is firstly, to survey the statistical development of Japan's industry and foreign trade, which have enormously increased since the Meiji Restoration, 1868, and secondly, to examine closely the economic state of present-day Japan and also to elucidate the way to which she should be guided in the future.

*In the Press.*

### THE LAW OF THE PRESS.

By THOMAS DAWSON, Barrister-at-Law.

Demy 8vo. 210 pp.

Cloth, 10s. 6d.

This work is intended primarily as a handbook of law for writers, publishers, printers and others concerned in the production and dissemination of printed matter, whether in the form of books, newspapers, periodicals or otherwise. It is hoped that the book may also be of some use to members of the legal profession as a digest of the law of the subject with which it deals.

14, Great Smith St., Westminster,  
S.W. 1.



# THE ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

Vol. XIV. No. 23.

December 3, 1926

Price 1s. Weekly

## COMMENTS

THE problem of restitution of German property confiscated during the war by the American Government is beginning to take a more practical shape and seems to be nearing a solution. While there are yet many important questions that must be settled, according to the *Frankfurter Zeitung* there is general agreement on at least one point. It is understood that small claims, say under \$100,000, will receive preferential treatment from both Governments, so that claimants under this category can be compensated at once. Claimants of larger amounts would have to wait until after ample discussion a formula of compromise has been found. If indications that a solution of this important problem is approaching are right we can but welcome it. There can be no doubt that a great step forward in international relations would be made if a general plan for the restitution of or some kind of compensation for confiscated property could be evolved. Again and again we have been told in Germany by many leading financiers and lawyers that the confiscation of private property belonging to German citizens during the war is no better than what the Bolsheviks have done in Russia. While this view may be slightly exaggerated, it must be admitted that citizens of a country that happened to be at war with Great Britain who had some money or stocks deposited with a British Bank, or any other property in this country, and particularly those who happened to be living here, have been wronged by the indiscriminate confiscation of what legally belonged to them. The truism that all countries are economically inter-dependent is finding more and more proof every day, and it is hardly likely that normal relations between Great Britain and Germany will ever be re-established before some compromise has been found with regard to the confiscated private property of German citizens.

THE Bosel collapse is not only having most damaging effects on the Vienna Bourse, but owing to it the whole economic life of the country is once more threatened with a severe crisis. This unfortunate affair has disclosed many unexpected facts which are rather characteristic of post-war finance in Austria and Germany. It must be said, however, that in comparison, for instance, with the Kutisker scandal in Berlin, the Bosel affair is a comparatively innocent episode! The following are the main facts: ever since the enormous losses incurred by Viennese financiers through unsuccessful speculation in French francs in the year 1924 it was known that large Dollar credits had been granted to the banking firm of S. Bosel by the Postal Savings Bank. After the Bosel reconstruction, however, in which the Geneva "Union Trust" (affiliated to the Comptoir National d'Escompte) played a leading part, it was generally believed that these credits had been partly or entirely repaid: and now, quite recently, when a Parliamentary enquiry into the affairs of the Centralbank brought about the reorganisation of the Postal Savings Bank, new and entirely unforeseen facts have been

discovered. Not only were the credits never repaid, but from \$5,000,000 they were raised to \$9,500,000, so that including interest Bosel's indebtedness to the Postal Savings Bank amounts to about \$10,000,000. Another surprise is that the "Union Trust" of Geneva, which, under guarantee of the Postal Savings Bank, had given Bosel considerable advances, seems to have suddenly lost faith in the various Bosel interests and has at the last moment withdrawn from the business. Further, it has now been established that during the inflation, and later the transition period, Bosel was chief adviser to the rudderless Postal Savings Bank, and that his advice has caused the Bank a loss of 43,000,000 Austrian schillings in its own securities and 31,000,000 schillings in foreign exchange speculation. When the new Governor of the Postal Savings Bank announced these facts to a Parliamentary Committee of Enquiry they aroused such a storm of indignation that the Government is being compelled to endeavour to withdraw from its commitments, in spite of the fact that according to its agreement with Bosel these credits cannot be revoked for a period of five years. The scandal has, however, led to Bosel's resignation from the position of Chairman of the Unionbank, and further negotiations are now taking place with regard to the sale of the parcel of Unionbank shares which Bosel had pledged with the Postal Savings Bank as security. We understand that two bids have been made for this parcel, which represents 75 per cent. of the Unionbank Capital. One comes from the well-known Frankfort Banking Firm of Speyer-Elissen and the other from the Commerz-und Privatbank, the latter being considerably more favourable to Bosel. It is to be assumed that one of the offers will be accepted and that the Postal Savings Bank will thus be partly compensated for its losses. As to Bosel personally, in the case of the acceptance of the Commerz-und Privatbank offer he could probably still emerge out of the whole affair as a fairly well-to-do man. Once more it is the State and the public who will be the losers, and it is to be hoped that the Bosel scandal may be the last in the long string of deplorable episodes that have taken place in Germany and Austria since the War.

IN a Decree published last Saturday the Spanish Government announces its intention of making an attempt to organise trade and industry on corporate lines similar to those of the guilds which flourished in the Middle Ages. All trades and industries, with the exception of agriculture, are to be classified in twenty-seven incorporated groups, each of which will be responsible for the setting up of an executive committee equally representative of workmen and employers, and whose ruling upon all matters affecting that particular trade must be observed. This committee, when constituted, will be known as the "Parity Committee," and it will form the basis of the new system. The leading principle underlying it will be friendly arbitration, and the settlement by the trade itself of all matters concerning it. Above it, in the new scheme, will come the "Mixed Committee," a body composed of delegates drawn from the "Parity Committees," while above that, as a supreme council, will be constituted the "Council



of Corporations." "Parity" and "Mixed" Committees have been in existence in Barcelona for a considerable time past, and have proved successful in reducing the number of strikes and labour disputes. The Decree anticipates the further extension of the guild principle, with its corresponding good results.

For the first time since the war English capital, to any appreciable extent, has recently found an outlet in Finland. Mr. J. F. Dixon and two other members of the firm of Dixon of Sheffield and Grimsby, have purchased the Niskakoski Rapids with a considerable area of the land adjoining them. Finnish newspapers give the purchase price as at least 10,000,000 Finnish marks (£52,000). It is considered probable that a Finnish company will be formed, with some British directors, to exploit the power of the rapids by building a mill for the production of wood pulp. The total available horse-power of the Oulu River (the property is situate thereon near the town of Vaala) has been estimated at 325,000, of which the Niskakoski Rapids produce 25,000. The spruce forests near Niskakoski and of the whole area from which timber may be floated on to the Oulu River, are extensive and reach as far as the Russian frontier. Up to the present time the timber from this area has been exported as wood owing to the absence of large pulp mills on the river system. The new company will, it is reported, probably build a large mill and turn all the timber from the area into pulp before it leaves Finland. The Ulea Sawmill Company, from which Niskakoski has been bought, had not sufficient capital to develop the rapids. The opinion of experts is that the prospects of a mill at Niskakoski are good, that it will enable work to be done in Finland which hitherto has been impossible. The investment of foreign capital is also welcomed on the ground that Finland possesses far more raw material than her own resources can exploit.

THE Dominion Water Power and Reclamation Service of the Department of the Interior of Canada issued a few days ago the annual report of its activities for the fiscal year ending March 31, 1925, in which are described the various administrative responsibilities of the Service under three main headings, viz. water power, irrigation, and drainage. The water power section of the report outlines the administrative and investigatory responsibilities of the Service, the method of co-operation with the provincial authorities in the conduct of the Dominion Hydrometric Survey, and the scope of this work during the period under review; the available and developed water power in Canada as at January 1, 1925; capital invested in water power in Canada; and the use of water power in Canada in the central electric stations, pulp and paper, and other industries. The reclamation section of the report describes the surveys and inspections made for irrigation, domestic water supply, and drainage purposes; irrigation undertakings in operation, under construction or projected which come within the supervision of the Department of the Interior; the drainage schemes constructed or investigated by the Dominion; and research work in connection with the duty of water for irrigation, alkali or other soils, rotation of crops, and climatology. Copies of the report may be obtained free of charge on application to the Natural Resources and Industrial Information Branch, Canadian Building, Trafalgar Square, London, S.W. 1.

On January 1, 1927, the Royal Mail Steam Packet Company will become the owner of the whole of the share capital of the Oceanic Steam Navigation Company, in other words, the White Star Line. Official confirmation of the successful conclusion of the negotiations is announced by the R.M.S.P. Company, and also by the International Mercantile Marine Company of New Jersey, of which company the White Star Line is a

subsidiary. The actual sum involved in the transaction is not known, but a conservative estimate would put it at a figure in the neighbourhood of £7,000,000. It is stated officially that under the new arrangement the continuity of the White Star Line will remain unaffected both as regards its organisation and its agencies. Although the ships of the White Star Line have always flown the British flag, control has been in American hands since 1902. Early in this year negotiations for the acquisition of the Line were being carried on by a British group with which the firm of Furness, Withy and Company was identified, but while matters were reputed to be at the stage of a provisional agreement, no final terms of settlement were reached. The present official announcement brings to a conclusion a series of intermittent efforts to restore the White Star Line once again to British control. Lord Kyslant, who is chairman of the R.M.S.P., is also at the head of groups which include the Union Castle Line, the Pacific Steam Navigation Company, the Nelson lines, and the Elder Dempster services. Thus the present acquisition brings within the same dominating policy a White Star fleet, the twenty-two principal vessels of which aggregate 400,000 tons.

THE report of the Jersey States Finance Committee recommending the adoption of an income tax in order to meet the presumed deficit of £44,000 on next year's Budget was presented early in the week by Jurat de Carteret, president of the committee, who, after explaining the report, said they could find no other source except indirect taxation, which would not be favoured by the Privy Council. It was estimated that the taxable incomes in the island aggregated £1,000,000 to £1,500,000, and that a tax on a flat rate of sixpence in the £ would realise a sum between £25,000 and £37,000. The English abatements would be included in the Jersey measure. There was some strong opposition forthcoming on the ground that strict economy could be observed by the spending departments, and it was said that if the money required was for permanent work it could be borrowed. It was admitted, however, that there was little fear of English residents leaving the island in order to go to England because of the tax, and it was decided to discuss the Estimates first and then give some time to the consideration of the income tax proposal.

THE figures of the Commonwealth Bank of Australia for the half-year ended June 30, 1926, are now available. The profits of the general banking department amount to £209,888, an increase of about £9,000 on the figures of a year ago. The profits of the note issue department for the half-year are £599,150, as compared with £578,577 at June 30, 1925. Deposits in the general banking department of the Bank stand at £36,729,306, showing an increase of approximately £1,500,000 on the figures of twelve months ago. As regards the savings bank department, the balances at £45,537,605 reveal an increase of about £3,250,000. On the other side of the balance-sheet, coin, bullion and cash balances at £5,606,524 are £4,250,000 less than a year ago, but the money at short call has increased by approximately the same amount and stands at £11,950,000. Australian notes are about £1,000,000 less. There is an increase in British Colonial and Government securities of upwards of £7,000,000 and Commonwealth Government securities have also increased by about £120,000. Bills receivable in London and remittances in transit show a considerable expansion, from £1,511,077 to £4,245,359, but loans, shown at £11,240,621, are reduced by about £3,000,000. As regards the note issue department, the total circulation remains unaltered at £53,890,226, against which, as well as a newly created property reserve account of £40,000, gold coin and bullion are held to the extent of £28,082,387, an increase of over £2,000,000, with Government securities, etc., aggregating £25,847,839.



## SPECIAL ARTICLES

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

### THE SURPLUS OF SHIPPING.

By JOSHUA LEA.

It is an interesting and not valueless exercise to discover the exact significance of what is called the surplus of shipping in existence in the world. The phrase covers a most curious complex in the conditions in world trade that have resulted from the war. It is hardly necessary to say that the fortunes of both the shipping and shipbuilding industries are almost entirely dependent on the outcome of the present difficult situation. Stated simply, of course, a surplus of shipping infers the existence of more ships than are necessary to carry the world's cargoes. The position is one that could be created either by an excessive construction of new ships or by a reduction in the volume of trade. Both features are present to-day. There is much more merchant tonnage in existence than before the war, while the volume of world trade is sensibly diminished. But these two governing factors do not press equally hardly on all ships.

A certain number of the world's ships are wedded to particular trades. Thus, refrigerated ships do not carry coal and tanker ships cannot carry textiles, while over and above these physical divisions, the larger number of the world's merchant ships trade as members of shipping lines identified in greater or less degree with fixed sailing routes. Only about a quarter of the world's tonnage nowadays seeks its earnings on the open freight market. But the fortunes of these tramp ships—ready to carry almost any cargoes from anywhere to anywhere—are a most important element in deciding the fortunes of the rest. One or two shipping lines may remain unaffected by a ruling depression, but the chances are that if grain freights from the Argentine are excessively low, with no obvious connection, general cargo ships sailing to India will be found to be carrying less than their normal cargoes. It is under these conditions that the British shipping industry seeks to carry somewhere near half the world's cargoes and the British shipbuilding industry to build nearly half the world's ships.

Now the main features of the present situation are these. Out of 62,700,000 gross tons of steam and motor shipping a fluctuating amount of not less than 5,500,000 tons is lying idle, some part on account of permanent incapacity, and some part only temporarily. Tramp shipping freights for months before the coal stoppage were more seriously depressed than ever in history. Many had dropped substantially below pre-war level. In March last the weighted index number of average freight rates prepared by Dr. Isserlis of the Chamber of Shipping was nearly 7 per cent. below the 1913 average.

The steam and motor ships in existence before the war totalled 45,400,000 gross tons, so that there is now an additional amount of 17,300,000 gross tons—but, happily, not all entering into competitive trade. If there was simply an addition of nearly 40 per cent. of tonnage and a diminution in cargoes, and all ships were equally free to compete for all cargoes, the consequences would be amazing. The scramble for cargoes would only be comparable to what is reported to occur on the first morning of a summer sale at the big London stores. Very likely that is what is happening more slowly under present conditions, but there is much virtue in gradualness. In any case, the increase in competitive tonnage is fortunately nothing like 40 per cent.

There is first of all a deduction to be made for the shipping that is lying idle. The figure that I have given of 5,500,000 tons is subject to fluctuations. Little more than a year ago, a reliable estimate placed the amount of laid-up shipping at nearly 7,000,000 tons. Ships retire from and re-enter competition as circumstances demand. They are not all, that is to say, obsolete ships. There is, however, a means by which

we can get an approximate idea of the tonnage that for practical purposes can be considered worthless.

In the first place, there is a huge amount of war-built merchant shipping laid up in the United States for which future employment cannot be considered feasible. This is the residue of the enormous production of merchant shipping in which America was engaged at the conclusion of the war. The laid-up ships are new but valueless vessels, many of hasty and poor construction. The American Government took the first step in cutting their loss in selling 200 vessels to Mr. Henry Ford for scrap metal. There is not less than another 4,000,000 tons destined to a similar fate.

To these sadly situated new vessels is to be added an excessive proportion of old ships, some entering and emerging from the figures of idle vessels, and the rest permanently included. Lloyd's Register of Shipping calculates 14 per cent. of the 62,700,000 tons of the steam and motor shipping in existence to be over 25 years old. I am indebted to Lloyd's Register for procuring for me a similar percentage of what can be considered really old tonnage among the 45,400,000 tons of steam and motor shipping in existence in 1914. The figure is 10.5 per cent. Now, with the advance in shipping types that has been so pronounced since the war, there is much less occasion, not more, for the existence of ships of over 25 years old. But taking it as the very least that any greater proportion of antiquities than was in existence in 1914 is to be put in the category of scrap, we find some 2,200,000 tons thus condemned.

There is another class of tonnage that is not usually brought into special consideration, but certainly ought to be. That is the class of bulk-oil carriers or "tankers." Tanker ships stand apart from general cargo carriers not only because they are physically incapable of carrying any other cargoes but oil, but also because the oil trade has grown to its present proportions largely during the war and after. The total amount of tanker tonnage has increased by some 4,000,000 tons since before the war, and this ought to be deducted from our present figures in order to make a reliable comparison with the pre-war position, even while it is necessary to remember that this tonnage is engaged in trade, and, indeed, in a very prosperous trade.

Parenthetically, it is worth remarking that the tremendous strides of the oil-carrying trade have a very serious effect on the shipping situation by encroaching and portending further encroachments on the coal trade. No less than half the number of old ships at present in existence are among small ships, or what is usually reckoned the collier class. They are probably not getting scrapped because they are not getting renewed. Thus the excess of ships is most felt just where trade is most diminished. For this reason it is as well to dissociate the rise of the oil trade and the decline of the coal trade from our calculations of general trade.

Out of the present world total of 62,700,000 tons of merchant shipping, there is thus about 12,000,000 tons either permanently indisposed or shortly to become so or not competing in the trades that were known before the war. That leaves a balance of something more than 10 per cent. more tonnage competing for the world's sea traffic (other than oil) than before the war. This excess is not an excess on the world's requirements, for the world's requirements are substantially less than before the war. It is an excess on what would be required if the world's trade were the same now as in 1914.

Proceeding now to a consideration of the volume of trade, we are met with a striking difficulty in attempting to make any reliable comparisons in a comprehensible form. The simple basis of money values is useless for shipping purposes, for apart from the fact that money has not been stable in value during the last few years,



values themselves give no indication of the volume of cargoes. Coal is a very low valued export, but it makes up nearly 80 per cent. of British export cargoes in weight. But a comprehensive analysis on the basis of weight alone is open to objection from the other side. Expensive manufactures are, weight for weight, far more important than coal. It would never do to mix the two indiscriminately, and finding ourselves (as we clearly will do) short of cargo, to reckon the shortage as made up higgledy-piggledy of coal at a pound the ton and textiles at several hundred pounds the ton. This major difficulty is to a large degree circumvented by divorcing coal cargoes from other cargoes, a step which we can take in the company of the Liverpool Steamship Owners' Association, who published an excellent analysis of British trade figures in their last annual report. By proceeding a step further, and also dissociating oil cargoes, we arrive at a fairly sound indication of the shortage of cargoes in general trade. It is an unavoidable difficulty that we are compelled to use British figures only, for there is no means of obtaining and analysing trade figures for the whole world. But British imports and exports cover a wider range than those of any other country, and their approximate proportion in world trade is not less now than before the war.

Our principal imports are all high valued and can fairly be considered on a common footing. Their volume is not in total substantially less than before the war (roughly 55 million tons in 1925 against 56 million tons in 1913). Imports of raw materials are less than before the war, but on the other hand—perhaps unfortunately—we are receiving more manufactured articles. Under the heading of manufactures are included our increasing imports of oil, which are more than three times the volume of pre-war days. Converted to figures of weight, oil imports in 1925 were 4,400,000 tons greater than in 1913. Deducting this figure for purposes of comparison, we find a deficiency of nearly 10 per cent. in the volume of imports other than oil. Figures of exports are not directly convertible to a basis of weight, and the figures of the Liverpool Steamship Owners' Association are consequently estimated figures, but their approximate accuracy is all that we require. Excluding coal, our exports in 1925 are estimated to have been 2,000,000 tons short in weight of the 1913 level (14.9 million tons as against 16.9 million tons). This is, indeed, a great improvement on a few years ago, as in 1922 the deficiency amounted to no less than 5,000,000 tons. But we are still short of some 12 per cent. of general export cargoes.

In addition, our coal exports (amounting in 1913 to 76.7 million tons and in 1925 to only 54.1 million tons) show a deficiency of 22.6 million tons.

Taken together, our imports (other than oil) and exports (other than coal) are less in bulk than in 1913 by 9 per cent. On the other hand, the oil trade has expanded to an amazing degree of prosperity, providing a large amount of employment in consuming as well as in producing countries. Ships have had to be built and are employed specially for this single trade. But the increasing use of oil on land and sea has made extensive inroads on the coal trade, which is to a large extent a balancing feature. The gain of one trade is broadly speaking the loss of the other, even if not commensurately.

These features are present throughout the world—a decrease in general and coal cargoes and an increase in oil cargoes. But England is in a somewhat different position from other countries in the serious incidence of these changes. In the first place, our dependence on the coal trade, both in itself and in its relation to shipping, is greater than that of any other country. And in the second place, added imports of oil are only to be paid for by additional exports of manufactures, and so far from that being the case at present, overseas trade shows a greater deficiency in manufactured exports than in any other cargoes except coal. We are losing trade practically entirely on the export side of the account, and this

year's figures are bound to show the balance loaded even more heavily against us.

The coal export trade occupies a rather peculiar position in relation to shipping. It supplies the outward cargoes for the tramp ships bringing grain and ore and many raw materials to Europe. Without homeward cargoes, it would not in itself be a profitable trade. It is on the expectation of homeward cargoes that coal freights have always been low. The importance of this fact has been noticeable during the coal stoppage. Ships that would normally carry coal outwards and bring grain homewards have had to steam outwards in ballast purely to bring a single cargo of coal home, and consequently additional ships were required for homeward grain. On account of the demand for ships freights rose abnormally, which added to the cost of commodities, but the increased freights really only went to pay for the double mileage that ships were compelled to undertake in bringing two cargoes homewards, instead of one out and one home. Now, in 1925 our coal exports were 30 per cent. less than in 1913, which means that what occurred during the strike on a large scale was happening on a much smaller scale even before the strike. The Liverpool Steamship Owners' Association calculates that in 1925 some 4,000 voyages of British ships were made outwards in ballast instead of with cargoes of coal.

We are now in a position to summarise our comparison of the present situation with the shipping situation before the war. Over the whole of merchant shipping, we find an increase of about 10 per cent. in available tonnage. The increase may be larger than this because of the high proportion of old ships in existence, but these old ships cannot have a much longer lease of life. They are to be found mainly among the smaller tramp ships. On the other side of the account, the deficiency of cargoes is greatest in the coal trade on which the smaller tramp ships depend so largely. In general trade there is a deficiency of cargoes amounting to an almost equivalent figure as the excess of tonnage. The oil trade is developing to increasing importance, but, demanding its own special type of ship, it does not affect the general shipping situation except in so far as it diminishes the employment of ships in the coal trade.

The Liverpool Steamship Owners' analysis, which I have used so extensively, ends by calculating by how much the average ship is sailing short of cargo as compared with before the war; and arrives at figures of 13 per cent. in British import trades and 26 per cent. in British export trades apart from coal. The earlier figure should be at least two points higher because no compensation is made for tanker ships which almost invariably arrive with full cargoes and do not compete in general trade. Tramp ships also arrive with full cargoes as a rule, which explains why the inward deficiency is much less than outwards. Manufactured exports are

## A "Noise-proof" Telephone—

The T.M.C. "LARYNGAPHONE" gives an absolutely noise-proof telephone service. It is fitted in many Electric Power Stations and Factories, and, amongst other vessels, on the new Motor Ships "Asturias" and "Carnarvon Castle."

It is in use aboard ships belonging to:—

*Peninsular & Oriental Steam Navigation Co. British India Steam Navigation Co., Ltd. Canadian Pacific Steamships Ltd. Royal Mail Steam Packet Co. Union-Castle Mail Steamship Co., Ltd. Ellerman Lines Ltd. Atlantic Transport Line. Western Union Telegraph Co. Telegraph Construction & Maintenance Co., Ltd. Red Star Line. Rotterdam Lloyd Royal Mail Line. Union Line of New Zealand. Netherland Steamship Co. Great Western Railway. Anglo-Saxon Petroleum Co., Ltd.*

**The Telephone Manufacturing Co., Ltd.,**

Hollingsworth Works, West Dulwich,  
London, S.E.21



carried by the shipping lines, whose ships sail at scheduled times with whatever cargo is on board. The reduced volume of cargoes is most apparent in such vessels, while tramp ships find their deficiency in being compelled to steam many more miles in ballast than formerly. As a round average figure, it is not unreasonable to reckon that ships are carrying 20 per cent. less cargo than before the war.

### FIFTH ANNIVERSARY OF THE FOUNDATION OF THE SOVIET STATE BANK.

(From our Russian Correspondent.)

On November 16 the Union of Soviet Socialist Republics celebrated the fifth anniversary of the foundation of its State Bank. The Soviet Press teemed with articles extolling the important part in the economic life of the Union played by this institution, whose activities are so closely bound up with monetary reform. It is certain that of all the measures carried out by the Soviet Government since the proclamation of the New Economic Policy the issue of the Chervonetz has turned out to be one of the most effective, and that the State Bank has proved an ingenious medium for the allocation of credits to industry, agriculture and trade. If we view the State Bank as an essentially specific organism created to satisfy the requirements of the Soviet régime, we are bound to recognise that this institution has proved of considerable importance to the economic life of Soviet Russia during the past few years. Only Soviet economists are wrong in regarding the State Bank and the chervonetz as on a par with the banks of issue and the bank-notes of England, France and other great modern countries. Neither from the standpoint of the objects it has in view, nor from that of the capital on which it works, nor from the standpoint of its actual transactions, nor again from that of the soundness of its bills, is the State Bank an institution *sui generis* to be looked upon, except by a gross misconception, as a bank of issue in the modern scientific and practical acceptance of the term. The regular objects that a bank of issue has in view are the protection of the currency, the control of the credit machinery of the country, and the encouragement of enterprise in the economic sphere by the granting of credits directly or through other banks. A bank of issue also fulfils the functions of an ordinary credit institution, which consist in attracting to its coffers the savings of the thrifty and the floating capital of the country with the object of making them produce interest in effective operations. Now the function of the Soviet State Bank is altogether different. It is twofold, political and economic. In the *Economitcheskaya Jisn* of November 16 the Governor of the Soviet State Bank defines its political function as follows: "The Bank affords the Government invaluable assistance in the struggle of the Soviet elements against the Capitalistic elements; the Bank must secure for industry, by means of credits, a predominant status with regard to agriculture and use all the power attaching to credit to drive back private capital more and more into the background." With regard to the economic function of the Bank, it must first of all be realised that the Soviet State Bank does not serve the purpose of concentrating in its coffers the floating and widely distributed capital of the country. The resources it disposes of are derived from its own paper issue; from the capital provided by the Government (158 millions in October 1926); and from deposits and current accounts, almost exclusively supplied by Government institutions and State enterprises. The Bank therefore simply serves the purpose of dealing out and apportioning the resources obtained by it from the Government and from Government enterprises. Neither is the Soviet State Bank a bank in the sense that the great banks of issue are in all modern countries. It monopolises almost entirely the whole of the banking activities of the country: it absorbs over 75 per cent. of the total discounting and loaning business. Finally, the customers of the Bank

consist almost exclusively of Government institutions and State enterprises. Its transactions with private customers are but an infinitesimal part of the business. The following table shows at a glance the relative importance of the Bank's business with its various groups of customers on October 1, 1926 (in millions of roubles):—

Industry ... ..	950.6
Transport ... ..	178.6
Commerce ... ..	191.5
Co-operatives ... ..	242.3
Credit institutions ... ..	257.5
Private customers ... ..	23.2
Sundry ... ..	74.5

In a country where the whole of industry, transport, foreign trade, banking, and the greater part of home trade are in the hands of the Government, the State Bank is charged with the enormous and complicated work of supplying the whole of the economic life of the country with the credit necessary to its existence. A task of this magnitude and complexity is absolutely incompatible with the work of a bank of issue in the modern scientific and practical acceptance of the term, because it involves too much risk. A great preponderance of the drafts discounted by the State Bank are those of Government enterprises. They are far too lightly accepted for discount, without being previously subjected to sufficiently close scrutiny, and much too easily renewed. More often than not, as a matter of fact, the Bank has no voice in the choosing of its customers. The supreme economic authorities of the State lay down in advance a "programme of credits," fixing the credits to be granted to each branch of industry, often with specific instructions as to the amount of credit to be granted to each undertaking. Also, it must not be forgotten that the State industrial enterprises, under Soviet law, are only responsible for their commitments to the extent of their working capital. Fixed capital—such as buildings and plant—cannot be seized for debt. Under the circumstances even Soviet economists recognise the fact that "a draft has become an instrument of credit that is neither trade credit nor short term credit."

In conclusion, the Soviet State Bank fulfils perhaps excellently the special function allotted to it in the Soviet State system, which consists in distributing the resources of the Government among the Government enterprises; but from the standpoint of the objects it has in view, and from the point of view of the character and soundness of its operations, it is not to be compared, as the Soviet economists are pleased to compare it, either with the Bank of England or the Bank of France. What has just been said brings out also the weak side of the activities of the Soviet State Bank as a bank of issue. It is certain that the issuing system initiated by the Soviet Government in November 1922 is ingenious and has proved of great service to the national economic life of the Union of Soviet Socialist Republics and to the Bolshevik dictatorship. But we must never lose sight of the fact that the economic life of Soviet Russia is practically being developed in a water-tight compartment. The chervonetz is guaranteed to the extent of 70 per cent. by the portfolio of discounted bills, but, given what we have just said about the nature of the operations of the Soviet State Bank, this guarantee is necessarily precarious. Were the chervonetz to emerge from the water-tight compartment of the Soviet economic system into the open international market, its quotation would at once be deeply affected by the nature of the guarantee. But as things are the chervonetz does not share in any international compensations, and its quotation relative to the dollar and the £ sterling is devoid of all real significance.

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



## ECONOMIC CONDITIONS IN HUNGARY IN 1925.

The Budapest Chamber of Commerce and Industries has issued its annual report on Hungary's economic conditions for the year 1925.

The period under review being the turning-point in Hungarian financial reconstruction displays the characteristic features of the transitory conditions of economic life. Agricultural production increased by 40 per cent. compared with the results for 1924. Foreign trade shows great improvement, total exports having increased by 20 per cent. The favourable effects of the stabilisation of the currency are reflected in the increase of savings deposits and in the success of several Hungarian issues. On the other hand, the milling industry has been greatly affected by the hostile tariff policy of certain foreign States, the problem of cheap credits still awaits solution and high taxation remains a matter of complaint among the business community.

With regard to the last complaint it must be remembered that the Government has reduced very substantially the most important taxes—especially the income tax—under a Bill passed shortly before the dissolution of the National Assembly, turnover taxes and imposts on consumption having also been materially reduced in the course of the current year.

Prices evinced a general falling tendency during the period under review. The wholesale trade index number, calculated on a gold basis, fell from 1.60 to 1.30, and the index number of the cost of living on a paper basis from 17.103 to 14.734.

Some industrial revival is expected from the carrying out by the State of the programme of capital investment to be financed with a part of the League of Nations loan, though it is greatly regretted that the League of Nations Financial Committee has not yet released the remaining balance of the League of Nations loan for similar purposes. Twenty-eight new industrial concerns were founded in 1925; thirty-six greater industrial undertakings received State subsidy in the shape of remission or reduction of rates and taxes, and nine firms obtained similar grants in advance for the following financial year. A certain advance in industrial production is reflected in the fluctuation of foreign trade; the proportion of imported raw materials rose from 9.3 to 10.66 per cent. of the aggregate imports, whereas the import of manufactured articles fell from 48.07 to 47.76 per cent. of the total value. The export of raw materials fell from 8.13 to 7.64 per cent. of the aggregate exports. The type of industrial bonds created by legislation is expected to cater for the credit wants of industry, and a process of regrouping, concentration and amalgamation between industrial undertakings is calculated to reduce working expenses.

The remarkable improvement in the balance of foreign trade is chiefly due to the increased export of agricultural products, and also to the decrease in the import of some manufactured articles, viz. textiles and machinery. Trade with Austria and Yugo-Slavia shows an increasing balance in favour of Hungary. The export of poultry and poultry products is increasing conspicuously, which is very promising, owing to the fact that land reform enables many thousands of the hitherto landless population to take up poultry farming.

Among the chief items of import were cotton textiles, 45.2 per cent. from Czechoslovakia, 27.3 per cent. from Austria, 13.8 per cent. from Switzerland, 5.2 per cent. from Germany, and the rest from Great Britain, France and Italy; woollens, 40.5 per cent. from Austria, 28.9 per cent. from Czechoslovakia, 11.9 per cent. from Germany, and 10 per cent. from Great Britain; in paper and paper goods Austria leads the way with 66.4 per cent., in glass and glass-ware Czechoslovakia with 72.1 per cent.; machinery, instruments and aniline dyes came mostly from Germany, and mineral oil was supplied by Rumania, Russia and Poland.

The chief articles of export were flour, of which 44.2 per cent. was consigned to Czechoslovakia, 32.8 per cent.

to Austria, 18.4 per cent. to Poland, and 1.2 per cent. to Germany; live stock, of which 61.4 per cent. went to Austria, 16.8 per cent. to Czechoslovakia, and 5.2 per cent. to Germany; and eggs, 49.5 per cent. of which went to Germany and 40 per cent. to Austria.

The year 1925 was also important for the framing of commercial policy. Customs treaties were signed with Poland, Greece, Italy, France, Spain, Great Britain, Turkey, and Latvia, mostly on the most favoured nation treatment basis, some—more particularly the treaties with France and Spain—containing specific tariff reductions on certain articles. Commercial relations with the more important Balkan markets are steadily improving. In Yugo-Slavia, Bulgaria, Turkey, Rumania and Greece equality of status is secured for Hungarian exports. On the other hand, foreign agrarian circles seem to display a growing opposition to the placing of Hungarian agricultural produce on the Western markets. A new law regulating warehouses is expected to stimulate transit traffic and the Customs-free finishing industry.

The Hungarian National Bank increased its metal reserve from 2.5 to 3.3 billions of crowns by the end of 1925, when the note circulation was covered to the extent of 56.46 per cent. of its face value, a proportion midway between that of the Austrian National Bank (59.2 per cent.) and that of the German Reichsbank (54.4 per cent.). The Hungarian National Bank took also the initiative in gradually reducing the rates of discount from 12.5 per cent. at the beginning of the year to 7 per cent. in October, whereas the Austrian and German bank rates remained on the average 2 per cent. higher.

Savings and current account deposits at the Post Office Savings Banks and 13 of the leading Budapest banks increased by 94.1 per cent., i.e. they were nearly doubled in 1925. Savings deposits rose from 26,400,000 to 123,400,000, and deposits on current account from 205 million to 326.5 million gold crowns, the total increase amounting thus to 218.5 million gold crowns. This progress is chiefly attributed to the stabilisation of the currency, to the former holdings in foreign exchanges and stocks being converted into Hungarian savings deposits, and to the bulk of Hungarian capital placed abroad returning to the country. The compulsory publication of balance-sheets in gold and pengő value closed down the period of inflation and enabled business houses to disclose their exact position. Financial institutions, which suffered most from the devastations of currency depreciation, were shown by the gold balance-sheets to have preserved about 25 per cent. of their pre-war position, which, in view of prevailing circumstances, is a satisfactory achievement.

Thanks to the special efforts of the National Bank, the rates of interest chargeable upon first-class bills were lowered from 20 to 9 per cent. during the period under review.

The State Railways closed their business year with a surplus of 131.9 milliard crowns. This result enabled them to appropriate about 22 million gold crowns for the purposes of reconstruction and development. The second track of the Győr-Hegyeshalom line was finished, thus completing the extra line between Budapest and Vienna. Both passenger and goods traffic show nevertheless some decrease in comparison with the result of the previous year.

Major Hines and Major Somerville, of the British Army, delegated by the League of Nations to examine the situation of Danube navigation, drew up their report, drawing attention to the disastrous effects of the ultra-nationalist policy of navigation followed by the newly created States. Before the war all vessels proceeded from Passau to Orsova without Customs examination, while four Customs barriers have to be negotiated to-day on the same journey. The whole Danubian fleet loses 6,000 days a year owing to delays caused by Customs proceedings.



After the signature of the Nettuno Agreement, granting to Yugo-Slavia certain facilities in Fiume Harbour, Fiume circles opened negotiations with the Budapest Chamber of Commerce with a view to regaining the Hungarian traffic which formerly went by way of this erstwhile Hungarian port. Hungarian claims included harbour and warehouse facilities, permission for Hungarian Customs officers to work in Fiume, direct railway transit tariffs, and the establishment of a mercantile credit bank. Negotiations are still in progress.

Road transport by motor made considerable progress. The number of passenger cars in use increased by 30 per cent., motor trucks and lorries by 50 per cent., and motor cycles by 70 per cent. Considerable amounts were earmarked for road-building and reconstruction, the first item in the programme being the laying out of a circular road round Lake Balaton of a total length of 200 kilometres. The Ministry of Commerce is

drafting an amendment of the old Roads Act which will make motor traffic pay for the maintenance of the roads used. The increasing competition of motor transport is beginning to be felt by the railways.

Regular air service has been maintained by four companies. The passenger traffic increased by 17 per cent. and the goods traffic by 100 per cent. (about 115,000 kilogrammes).

The construction of the Danubian free port of Budapest made great progress. The special railway line on Csepel Island was completed, six revolving electric cranes from 1 to 3 tons were erected, and two large loading bridges of 50 metres span are under construction. The building of a granary with a capacity of 7,000 tons has been commenced on the left bank, and the mineral oil harbour was nearly completed by the end of 1925, four firms doing business there to the extent of 26,000 tons. The construction of a great industrial dock has been started on the right bank of Csepel Island.

## 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.)

### ALBANIA

#### POLITICAL AND GENERAL

**Political and Economic Conditions.**—In spite of innumerable difficulties the present Government of Albania has succeeded in making steady headway in the economic affairs of the country, with the result that to-day the conditions in the Republic are more stabilised and the prospects more promising than they have been for many years past. The Government's task is as delicate as it is difficult. The population is divided into numerous tribes of different religions and customs, and between many of these tribes there exists a long-standing enmity and jealousy, that might easily develop into open feuds. The present President, Ahmed Bey Zogu, has been able, however, to secure the support of the majority of the nation, and during the short term of his office he has introduced some notable reforms and improvements. The system of conscript labour on State public works appears to have proved successful and to have aroused practically no opposition. It will probably be continued for many years to come, for Albania has still much to accomplish before the State can truly be said to be secured on a firm foundation. Much of the conscript labour has been utilised on the construction of the Durazzo-Tirana railway. This is the first railroad in Albania; it is now nearly completed and covers about twenty-five miles. The highroad construction programme is also being smoothly executed, some 130 miles of new roads now being completed.

To a large extent the main interest in Albania's economic life is the continued struggle between Italy and Yugo-Slavia to gain the ascendancy in the Republic. Despite official denials, it is generally believed that the present Italian Government is aiming at hegemony over the Albanian Republic. This last summer Baron Aloisi, the Italian representative in Albania, made proposals to Ahmed Bey Zogu that caused a little stir in the international circles of Europe. It was suggested that Albania should accept the control of Italy in matters of finance and national economy; that the Albanian army and gendarmerie should be placed under Italian instruction; and finally, that the whole of the Republic should be under the protection of Italy. The proposals were rejected by Ahmed Bey Zogu; but notwithstanding this repulse Italy still retains a preponderating interest in the Albanian Republic, particularly in matters of

finance. When the National Bank of Albania was created a concession was granted to the Italian Credit Bank and a large share of the control of the National Bank became invested in the Italian Bank.

In a general report on Albania that appears in the *Wirtschaftsdienst* of November 12 last Dr. Friedrich Wallisch also deals with this important question of Italian and Yugo-Slav influences in the neighbouring republic. After the Balkan war Italy and Austria created the new Albanian State as a barrier against the maritime pretensions of Serbia. The political and economic competition between Italy and Austria in Albania soon became very pronounced, and eventually Italy succeeded in gaining the supremacy in southern Albania, while Austria exercised main control in the north. As a result of the great war Austrian competition was eliminated, or rather transferred to Yugo-Slavia, and the competition in every branch of national activity has become keener than ever before. In many respects the change was a distinct advantage for Italy. Yugo-Slavia with its relatively feeble economic and cultural capacity of expansion represented for Italy a less formidable opponent than Austria. The competition between these two States and the accompanying confusion of the year 1924 were reflected in the struggle between the supporters of Ahmed Bey Zogu, who was favourable to the Yugo-Slavs, and those of the Catholic bishop, Fan Noli, who was equally inclined to favour the aspirations of Italy. Although Ahmed Bey Zogu has emerged victor from this conflict, he has only been able to maintain his position by modifying his unfriendly attitude towards Italy and by acquiescing in the economic penetration of the country by Italy.

Albanian communications with foreign countries are almost exclusively overseas. But the ports of San Giovanni di Medua (for Skutari), Durazzo (for Tirana), Valona (for the petroleum fields) and Santi Quaranta (for Janina) are not yet able to cope with even the most modest demands. The national credit of 50 mill. lire granted by Italy is being used for the development of necessary harbour works at Durazzo and Valona. Other foreign countries have admittedly been invited to participate in these works, but, strictly speaking, this invitation is nothing more than a mere gesture to conceal the monopolist position of Italy, which has aroused grave misgivings not only in Yugo-Slavia but also in Great Britain. The work of draining the Kmeta Durs, a swampy area of about twenty square kilometres near Durazzo, has been begun; when completed this



will enable foreign enterprises to operate permanently in this district. There are similar swamps in the neighbourhood of Valona, which make the settlement of Europeans inadvisable. There is vast scope for improvements to be carried out in this area. Although on account of the protests of the other Allied Powers Italy was obliged to give up Valona, which she seized after the war, the island in the immediate neighbourhood remains in Italian hands, and Italian influence has been further strengthened by the extensive purchases of land in the vicinity of the Albanian ports by Italian subjects. In these ports exclusively Italian docks are being built. Whereas before the war shipping competition was mainly between the Oesterreichische Lloyd, owned by Austrians, and the Italian shipping company Puglia, to-day the struggle for supremacy is between the Puglia company and the Yugo-Slav *Jadranska Plovidba* (Adriatic Navigation Company). The Lloyd Triestino, which is the successor of the Oesterreichische Lloyd, restricts its activities to the service between Santi Quaranta, Brindisi and Corfu. During the past summer a Greek shipping company also started a fortnightly service with Albania, but it is doubtful whether this line is paying its way. The Italian company has a distinct advantage over its chief competitor, inasmuch as it acts as the representative of the Banca Commerciale Italiana, which is the only bank through which money may be safely transferred to Albania. Trade is still conducted on a gold currency basis, the old Austro-Hungarian gold krone being accepted at parity with the gold franc. In Albania bank-notes had till recently never been accepted or given. The State of Albania introduced its own currency a few months ago, the unit being the lek, which is divided into 100 quintar (or guinder). The Albanian bank-notes that have now been issued indicate the influence that Italy has preserved in the country; although the text on one side is in the Albanian language, on the other it is in Italian.

The economic importance of the country is practically confined to its natural wealth of petroleum. It is only of comparatively recent date that the systematic drillings have resulted in favourable results that have raised the estimate of this national wealth from a negligible to a very considerable figure. The volume and quality of the oil found, particularly in southern Albania, have given rise to the greatest hopes. The most important area is at present about 80 kilometres from Valona; a narrow gauge railway has already been laid down in this district with the special object of serving the petroleum interests. The first oil company to obtain a concession in Albania was the Anglo-Persian Company, which exercised pressure on the Albanian Government with a view to preventing the granting of further concessions; but an Italian concern soon followed, and later concessions were likewise granted to American and French companies.

The balance of foreign trade, which has hitherto been of outstanding adverse character, should now become far less unfavourable. The vast possibilities in the exportation of timber have induced German enterprise to seek a concession for the exploitation of Albanian forests. There should also be a big future for the exportation of live stock and certain minerals. To develop these branches successfully considerable investments will be necessary. The import trade, which includes most kinds of manufactured goods, is almost entirely in the hands of the Italians. The so-called commercial agreement between Albania and Italy has greatly consolidated the preferential position of Italy. In general, it may be said that Albania has not yet developed as a market for really large purchases and that little quality wares do not find ready acceptance.

## FINANCE

### The National Bank and the National Currency.—

Although the *Banka Kombetare e Shqipnis* (Albanian National Bank) was founded in the autumn of 1925 and has already established three branches in the country, very little has been made known concerning its activities. This is due, explains the Tirana correspondent of the *Morgenblatt* (Zagreb), to the fact that the provisions for the transitional period excused the management of the Bank the responsibility of issuing statements as to the position of the institution during the first year of its existence. According to the statutes, monthly statements must be issued as from the beginning of the second working year.

The present note circulation in Albania must already have exceeded the value of a million gold francs, the greater part of the notes being certainly covered by gold or by gold bills. A relatively small portion (about 12 per cent. perhaps) of the circulation is covered by discounts. The international business of the National Bank naturally gravitates towards Italy, but it also has correspondents or agents in all the chief financial centres. A striking feature is the growing amount of dollar bills in the form of travellers' cheques, but this may be due to the activity of the American Red Cross Society in Albania. The Albanian gold franc is now regularly quoted on the Milan Exchange; it is usually a few points below the Swiss franc.

The share capital of the Albanian National Bank is 12.5 mill. gold francs, and the privilege of note issue runs for a period of fifty years. In respect of the cover of notes in circulation, the statutes of the Bank prescribe that a third of the circulation shall be covered by cash, while the reserve of foreign bills of stabilised currencies may amount at the most to two-thirds so long as a third is available in metal. Provision is made for short term credit to the Albanian State, the limit being 2 mill. gold francs, with the possibility of an increase to double the amount as soon as the reserves of the Bank exceed the figure of 2 mill. francs. Notes may be redeemed in gold or in foreign bills of stabilised currencies. The cover prescriptions are accordingly not complete and are purposely left elastic. Article 23 of the Statutes provides for a corresponding increase in the rate of discount and in the remaining rates and commissions of the Bank as soon as cover falls below a third of the circulation. If, for instance, cover should recede to but 31.5 per cent., the Bank rates mentioned above may be increased by a full 1 per cent. For every further drop of 1.5 per cent. in the proportion of cover the rates may be raised by a further 0.5 per cent.

The organisation of the Albanian National Bank shows very clearly that the national currency is in the tutelage of Italy. Although the general management of the National Bank is conducted in the capital of the country, the executive board sits in Rome. Moreover, on account of the international character of the board it was found inadvisable to have the head office at Tirana.

The share capital is divided into 495,000 ordinary shares of a nominal value of Fr.25 each and 100,000 founders' shares of a nominal value of Fr.125 each. The *Credito Italiano* of Milan holds a larger number of shares than any other participator. The distribution of votes at the general meetings is as follows:—

<i>Credito Italiano</i> ... ..	115,000
<i>Banca Commerciale</i> ... ..	30,000
<i>Banca Nazionale di Credito</i> ... ..	30,000
<i>Banco di Roma</i> ... ..	30,000
Other Italian banks ... ..	20,000
<hr/>	
Total votes of Italian bank shareholders...	225,000
Basler Handelsbank ... ..	50,000
Yugo-Slav banking group ... ..	50,000
Banque Belge pour l'Étranger ... ..	25,000
Albanian large shareholders ... ..	150,000
Other Italian holders ... ..	95,000
<hr/>	
Total ... ..	595,000

The main difficulty in the development of the Albanian currency lies in the introduction of money in



the form of bank-notes in a country that has hitherto been restricted almost entirely to a metallic circulation. This difficulty has not been overlooked in the statutes, in so far as provision is made, as above mentioned, for the redemption of notes at any moment in gold or gold foreign bills of exchange. In practice this measure prevents any limitation of the business in foreign bills. The first gold pieces have already been stamped at Rome. The fine gold content is in the ratio of 900 : 1,000 and the coin has a diameter of 35 millimetres. The obverse side bears the head of the President of the Republic, Ahmed Bey Zogu. The unit, known as the lek, is of the value of 0.2 gold franc.

## DENMARK

### POLITICAL AND GENERAL

**Economic and Trade Conditions in October.**—The National Bank of Copenhagen and the State Statistical Department supply the following information on economic and industrial conditions in Denmark in October. The value of the Danish krone has improved somewhat during the month, viz. from 98.94 to 99.02 gold ore. The average of the quotations was Kr.3.76 69/100 for dollar (in September, Kr.3.77 01/100) and Kr.18.25 for sterling (in September, Kr.18.27).

Bank deposits and loans have decreased, thus the loans of the three principal private banks have declined to the extent of Kr.7 mill., the greater part of these being on current account, while the deposits have been diminished by Kr.13 mill. On the other hand, the loans of the National Bank have risen by Kr.16 mill., and in consequence the note circulation has increased from Kr.377.4 mill. to Kr.394.5 mill. At the end of October 1925 the note circulation was Kr.453.6 mill. The increase of the note circulation at the end of October is a yearly occurrence, but this year it amounted only to Kr.17 mill. as against Kr.23 mill. in October 1925. The amounts due to the National Bank from abroad have risen to the extent of Kr.11 mill., principally owing to the foreign loan transactions of the Government. Otherwise the Bank's balance in respect of foreign countries remains unchanged, and the same applies practically to the private banks.

The turnover of stocks and bonds on the Copenhagen Stock Exchange was rather considerable, owing to the rise in freights and the consequent effect upon shipping shares and other commercial securities. The average weekly turnover was Kr.3.8 mill. in the case of shares (in September, Kr.1.8 mill.) and Kr.2.2 mill. in the case of bonds (in September, Kr.3.1 mill. and in August Kr.1.5 mill.). The index number for quotations shows an improvement as regards shares, while bonds declined. The share index number was 91.8 (in September 88.9) and the bond index number 85.7 (in September 86.1), taking 100 as the index number on July 1, 1914. The improvement as regards shares applies to nearly all groups, but especially to shipping shares.

The wholesale index number of the Statistical Department rose 16 points, from 162 to 178. The increase was mainly due to the high prices of fuel.

The trade returns for September show imports to the value of Kr.142 mill. and exports aggregating Kr.126 mill., resulting in an adverse balance of Kr.16 mill. as against a favourable trade balance in September 1925 of Kr.7 mill. For the whole period January to September, however, the adverse trade balance was only Kr.26 mill. as against Kr.55 mill. in 1925.

Agricultural exports in October were greater than in September in the case of meat, especially bacon. On the other hand, the export of butter and eggs was somewhat smaller. The average weekly export of butter was 23,580 hkg. (in September, 25,438 hkg.); of eggs, 828,700 score (in September, 986,300 score); of bacon, 41,465 hkg. (in September, 36,796 hkg.); and of meat and cattle, 11,757 hkg. (in September, 10,953 hkg.).

Prices, except for eggs, were somewhat lower. The average weekly quotations were: for butter, Kr.302 per 100 kg. (in September, Kr.304); for eggs, Kr.2.08 per kg. (in September, Kr.1.60); for bacon, Kr.1.64 per kg. (in September, Kr.1.74); and for meat, 52 ore per kg. live weight (in September, 55 ore).

Unemployment is still greater than last year, even though the increase this year has been on a smaller scale than in the corresponding period of 1925. The unemployment percentage at the end of October was 18.6, as against 13.5 at the same date last year. In the industrial trades the percentage was 18.1 as against 13.2.

The State revenue from Excise and Customs amounted to Kr.23.5 mill., of which Kr.11.2 mill. was derived from Customs duties. In October 1925 the corresponding figures were Kr.24.9 mill. and Kr.12.0 mill.

## FRANCE

### FINANCIAL AND GENERAL

**Fluctuation of the Franc and Public Opinion.**—Discussion in the Press as to the future of the franc continues, and quite a number of articles appear every day on the acute question of "stabilisation or revalorisation?" In his recent speech at Tarbes M. Poincaré seemed to confirm once more his point of view that the recovery of the franc is not yet complete and that the task of the Government is not to be achieved by means of "premature measures." In an analysis of that speech from the financial point of view, Prof. Jéze, in the *Journal des Finances*, points out that the idea expressed by the Minister of Finance is two-fold—first, that the policy of revalorisation must be continued, and secondly, that legal stabilisation is still premature. Professor Jéze is in full agreement with the latter view, but is altogether opposed to the former. With almost the whole of the economic Press, he asks whether the Government has thought of all the catastrophes which would follow a further rise in the franc.

Professor Jéze further points out that the actual policy of the Government can only stimulate speculation. The ideas prevailing in the Government represent a guarantee for speculators: these buy forward francs and, the Government pursuing its revalorisation policy, they sell them afterwards at a higher rate, which leaves them a large profit. If speculators do not consider the rate high enough and wish to reverse its movement, the prestige of the Government would require that this adverse movement of the exchange be opposed as powerfully as possible. Whether the stock of foreign exchange accumulated by the Treasury and by the Bank would prove sufficient to stop this tendency cannot be predicted, but the Government, according to M. Jéze, has entered into a kind of tacit obligation towards the public to do everything in its power to mitigate this backward tendency of the franc, thus guaranteeing people speculating on the rise of the franc against too heavy losses.

The rise in the franc, which has been very sharp during the past few weeks, caused a severe fall in foreign stocks, even greater than the fall in the rates of exchange, because Bourse people reckoned on a further fall in these rates. Thus, sterling paper could be bought in terms of sterling much cheaper in Paris than in London. Besides, at certain moments there were unlimited offers on the Paris market. The general atmosphere influenced also home stocks, many of which lost about 25 to 30 per cent. of their price. It is thought that foreign financial quarters have largely benefited by this movement, through purchasing securities at low prices. Should the tendency of the Paris stock market change later (which it is perfectly certain to do) it will be obliged to repurchase these securities at much higher prices. Doubt, therefore, is felt as to whether the actual results even of revalorisation



are profitable to French national economy, whatever public opinion may think on the subject.

THE ECONOMIC REVIEW has been careful to point out that popular opinion still favours revalorisation. The man in the street expects the cost of living to fall in keeping with the tendency of the rates of exchange. There is also some sense of national honour attaching to the value of the franc. But the feelings of the rural population on that subject are quite different. The price of wheat in France fluctuates in accordance with world prices; with an exchange rate showing a downward tendency, the price of wheat in terms of francs also falls. Thus the rural population is one of the first to feel the effects of the rise in the franc.

The urban population is not yet feeling these effects very strongly, but there are already certain signs of industrial depression. It is reported that the automobile factories in the Paris area are already beginning to curtail working hours and to reduce the number of their hands. The effect of this is also observed in the foundry and modelling sections.

So far there are few unemployed among French workers, because there are hundreds of thousands of foreigners employed in French industry, who will be the first to be dismissed in the event of a crisis.

## TRADE

**Algeria's Foreign Trade Returns.**—The returns published by the Customs Office of Algeria for the first nine months of the year as compared with the corresponding period of 1925 show an increase in trade, especially on the export side, Algeria being subject to the influence of the rates of exchange equally with France (in millions of francs):—

Imports.	From France only.	Total imports.	
		Jan.-Sept. 1926.	Increase as compared with 1925.
Products of animal origin ...	67,052	138,210	9,812
Products of vegetable origin ...	258,452	482,165	5,891
Products of mineral origin ...	91,034	214,061	23,064
Manufactured goods ...	1,699,689	1,791,576	154,931
Total ...	2,116,227	2,626,012	193,698

Exports.	To France.	Total exports.	
		Jan.-Sept. 1926.	Increase as compared with 1925.
Products of animal origin ...	356,735	414,038	15,403
Products of vegetable origin ...	1,212,166	1,504,613	344,504
Products of mineral origin ...	41,230	182,018	7,416
Manufactured goods ...	43,046	255,838	141,442
Total ...	1,653,177	2,356,527	493,933

As will be seen from the above, the value of exports increased considerably more than that of imports. The largest increase is shown in products of vegetable origin (344.5 millions), Algeria contributing to an ever growing extent to the food supply of the mother-country. A large part of Algerian products, however, are re-exported from France. A large increase is also to be observed in Algeria's exports of manufactured goods, largely owing to increased activity in its trade with neighbouring countries.

## INDUSTRY

### Coal Output in the Devastated Areas in October.

The coal output in the Nord and Pas-de-Calais in October as compared with September is shown in the following table (in tons):—

	October.	September.	Difference.
Coal ...	2,829,428	2,742,757	+ 86,671
Briquettes ...	196,514	213,269	— 16,755
Coke ...	257,002	239,982	+ 17,020
Total ...	3,282,944	3,196,008	+ 86,936

The average daily output shows an increase as compared with the preceding month, viz. 108,244 tons as against 105,940 tons.

The monthly output of coal in October shows an increase of 546,978 tons as compared with the average monthly output in 1913.

### Dear Money the Enemy of "White Coal."

Under this heading, M. Auboin, in the *Europe Nouvelle*, supplies very interesting figures with regard to the development of hydraulic power in France. The cost of production of electric power derived from hydraulic forces is made up as to 96 per cent. by financial charges, interest and amortisation of capital, and as to 4 per cent. only by exploitation expenses.

The total cost of long term loans before the war was about 5 per cent. and now amounts for the best signatures to 13 to 14 per cent. (commission and expenses included). The amount of capital necessary for hydraulic plant being six or seven times higher (in terms of francs) than in pre-war days, the cost of production for the same quantity of power is about twenty times higher than before the war. The high cost of hydraulic power prevents it from competing with power derived from fuel. Notwithstanding the comparative abundance of natural sources of hydraulic power the French annual consumption is only 150 kilowatt-hours per inhabitant, while Germany's consumption is 160, Italy's 185, that of Sweden 350 and that of Switzerland 780.

The superior Council of Public Works has drawn up a plan for the construction of plant necessary to produce 2,700,000 kilowatts for ten years (1918-1928). This programme is still far from being realised. The production of 1,000,000 kilowatts of power would make unnecessary the import of 12 million tons of coal.

## GERMANY

### FINANCE

#### The Burden of Taxation in 1926 and 1913.

—A comparison between the revenue and expenditure of the Reich according to the 1926 Budget and that of 1913 demonstrates the extraordinarily heavy burden laid at the present moment upon the German people and economic system. The gross expenditure of the Reich according to the Budget for 1926 amounts to Rmk.4,941.9 mill. as compared with Mk.2,672.2 mill. in 1913, and is thus Rmk.2,269.7 mill. or 84.9 per cent. greater for circumscribed post-war Germany. Taking the proportion per head of the population the figure for 1913 was Mk.39.80 and that for 1926 Rmk.79.28. If instead of taking the entire population as a basis we reckon only persons capable of earning, on whom alone the burden of taxation falls, taxes amount to about Mk.100 per head of the 26 million breadwinners in 1913, as compared with Rmk.197.60 in 1926, estimating the number of breadwinners now at 25 million.

Closer investigation affords interesting particulars. In 1913 expenditure for the Army and Navy amounted to Mk.2,062.2 mill. or 77.2 per cent., the various branches of administration absorbed Mk.157.2 mill. or 5.7 per cent., the National Debt Mk.235.5 mill. or 8.8 per cent., and military pensions Mk.70.2 mill. or 42.6 per cent. In 1926, on the other hand, expenditure directly or indirectly the outcome of the war takes first place, amounting to Rmk.2,422.5 mill. or 49.1 per cent. (including military pensions Rmk.1,491.80 and payments in fulfilment of the London Agreement Rmk.600.3 mill.). Sums contributed to the support of the unemployed, amounting to Rmk.100 mill. or 2 per cent., must also be reckoned as expenditure due to the war. The total amount which the Reich therefore has to find to pay for the consequences of the war is Rmk.2,522.5 mill. or 52.1 per cent. of the Budget total. This represents Rmk.40 per head of the total population or Rmk.100.80 per head of the breadwinners. Of this sum Rmk.10 or Rmk.24 represents payments under the terms of the London Agreement. These, however, are by no means entirely fulfilled by the payments effected under the Budget, for the Reichsbahn has to supply the greater proportion of the 1926 total, viz. a sum of Rmk.940 mill.

The remaining items of expenditure for administration, army, scientific and educational purposes are



proportionately far behind the above. Thus expenditure for the army and navy represents Rmk.742.7 mill. or 15.02 per cent., general administration Rmk.271.6 mill. or 5.5 per cent., and financial administration Rmk.424.9 mill. or 8.6 per cent.

As regards revenue, the 1913 taxation total of Mk. 1,582 mill. represented Mk.23.61 per head of the population, while in 1926 the total of Rmk.4,552 mill. for Reich taxes and Customs amounts to Rmk.73.01 per head. Taking the breadwinners alone into consideration, the contrast is still sharper, the figure for 1913 working out at Mk.60.37 as compared with Rmk.182.08 in 1926. Thus the burden of taxation is at present about three times as heavy as in 1913.

This, however, does not exhaust the financial burden laid upon the population, for in addition to Reich taxes there are the taxes payable to principalities and municipalities. In 1913 provincial taxation amounted to about Mk.17.50 per head of the population, and to Mk.43.80 per breadwinner. This gives, including Reich taxes, totals of Mk.41.11 and Mk.104.17 respectively. Allocations made by the Reich to the provinces in respect of taxation amount in the 1926 Budget to Rmk.2,337 mill., or Rmk.37.50 per head of the population and Rmk.90 per breadwinner. The 1926 total, therefore, is Rmk.110.51 per head of the population and Rmk.272.08 per breadwinner. Including an approximate sum for the remaining provincial taxes, for which there are no statistics available at present, the 1926 total of Reich taxes, Customs, taxation allocations and provincial taxes amounts to Rmk.113.61 per head of the population and Rmk.282.76 per breadwinner as compared with Mk.41.11 and Mk.104.17 respectively in 1913.

It must be taken into consideration that the Reichsmark has depreciated by about 50 per cent. as compared with the pre-war mark, but even if 50 per cent. is added to the pre-war figure, it only gives Mk.62 and Mk.155 respectively per head, so that the present burden of taxation still remains just double what it was before the war. This burden has to be borne by an economic system that is struggling for its existence and by a population which, in view of the general increase in prices, has difficulty in providing itself with the barest necessities. The low pre-war level of taxation was rendered possible by the large profits derived from State enterprises, notably from the railways. Taking a yearly average between 1908 and 1912, the Prussian State Railways made a profit amounting to Mk.491 mill., whereas the direct taxes returned Mk.456 mill. To-day the Reichsbahn is a company whose profits go almost entirely to fulfil the terms of the London Agreement. If the full burden laid upon the German people in consequence of the war is to be gauged, Rmk.15 or Rmk.38 per breadwinner must be added to the Rmk.40 and Rmk.100 reckoned above as the share per head of the population in Germany's war debt. In other words, a labourer must devote the earnings of one month in every year to fulfilling the engagements laid upon Germany by the Allies. In the next few years the burden will be heavier still, for from 1928-29 Germany will have to supply Rmk.2,500 mill. yearly. (*Hamburger Fremdenblatt*, Nov. 17.)

**Reich Revenue Returns for October.**—According to the statement of Reich revenue from taxation, Customs and contributions in October, the total for that month amounts to Rmk.741,034,097 as compared with Rmk. 544.9 mill. in September, Rmk.651.4 mill. in August and Rmk.708 mill. in July. In the first seven months of the current financial year a total of Rmk.4,100,644,815 has been realised as compared with an estimate of Rmk.6,555,300,000 for the whole year.

The sharp increase in revenue as compared with the previous month is chiefly due to the fact that payment of the most important taxes becomes due at the beginning of the quarter. This accounts for the increase from Rmk.321.5 mill. to Rmk.523.6 mill. in

the ownership and transport taxes. Among these taxes income tax deducted from unearned income has increased from Rmk.1.2 to Rmk.8.4 mill., while the other income tax groups show an increase from Rmk. 20.6 mill. to Rmk.182.7 mill. Returns from deductions from wages have also increased from Rmk.93.2 mill. to Rmk.95.9 mill. The corporation tax has increased from Rmk.20.6 mill. to Rmk.68.1 mill. and the turnover tax from Rmk.60 mill. to Rmk.87.8 mill. The company tax rose further from Rmk.4 mill. to Rmk.7.8 mill. and the securities tax from Rmk.1.9 mill. to Rmk.3.8 mill. Strangely enough the Bourse tax shows a decrease from Rmk.7 mill. to Rmk.5.2 mill. Returns from stamp duty on bills rose from Rmk.2.7 mill. to Rmk.3.2 mill. Non-recurring transport and ownership taxes show an increase from Rmk.2.3 mill. to Rmk.11.3 mill., chiefly owing to increased returns from the tax on bonds.

Customs and sequestered consumption contributions dropped from Rmk.217.4 mill. to Rmk.212.4 mill. While Customs brought in Rmk.76.7 mill. as compared with Rmk.71.1 mill. in September, the revenue from the sugar tax dropped from Rmk.32.4 mill. to Rmk.15.5 mill. and that from the beer tax from Rmk.27.1 mill. to Rmk.21.8 mill., while returns from the brandy monopoly sank from Rmk.19.9 mill. to Rmk.14.9 mill. The wine tax has decreased further to Rmk.388,880 (Rmk. 523,210), while the champagne tax has slightly increased from Rmk.241,178 to Rmk.255,481. (*Deutsche Allgemeine Zeitung*, Nov. 17.)

## INDUSTRY

**Position of the Ruhr Coal Industry.**—The extraordinary tension of the past few months in the Ruhr coal market continues unabated. The prevailing coal shortage has occasioned the re-opening of a series of small pits which started work in the first few years after the war and then, almost without exception, closed

## WESTMINSTER BANK LEAFLETS

\*

FOREIGN TRAVEL

FOREIGN EXCHANGE

STOCKS, SHARES, & SECURITIES

THE CHOICE OF A BANK FOR  
NAVAL OFFICERS

THE FINANCIAL MACHINERY  
OF THE  
IMPORT & EXPORT TRADE

THIRTY-TWO ADVANTAGES  
(THE CURRENT ACCOUNT)

THE BANK IN RELATION TO  
WILLS, TRUSTS, & SETTLEMENTS

\*

Copies may be had from the Secretary, Westminster Bank Limited  
41 LOTHBURY, LONDON, E.C. 2



down again. Under present conditions it is a very profitable business to be in a position to sell syndicate-free coal like these small concerns, who realise prices considerably above those fixed by the Syndicate. In many cases Rmk.40 per ton is obtained. In Ruhrort purchasers of coal are offering even up to Rmk.60 per ton for consignments which are then sent against more or less genuine export permits to Holland, where a very active shipment of coal to England is being carried on. The illicit export of coal has, however, been considerably checked of late by the interference of the Reich Coal Commissary, but in view of the urgent demand for fuel it will be impossible to suppress it entirely.

The output at the Syndicate's pits is of course being intensified to the utmost extent. The daily output of these mines, which averaged 397,000 tons in October as compared with 384,000 tons in September, appears to be keeping at about the same level in November. The coal stocks, as is already well known, are completely exhausted, and the coke stocks experienced a further decrease to 1.7 mill. tons in October. As a matter of fact these official estimates are always too high, and the actual stocks of coke probably only amount to 1.2 mill. tons. The despatch of coal continues to proceed smoothly, the supply of wagons by the Reichsbahn being thoroughly satisfactory, while the Rhine, in consequence of the rising of the water, is being utilised for fuel transport to the full extent of its capacity. The development of the coal market is the subject of optimistic forecasts in mining circles, even in the event of an immediate termination of the strike in Great Britain. It is believed that, in consequence of the heavy losses entailed by this prolonged strike, it will be impossible for England to underbid Germany, as was formerly the case, so that there is no danger of a return to the former low level of prices in the world market. (*Deutsche Allgemeine Zeitung*, Nov. 14.)

**The European Aluminium Cartel.**—The negotiations which have for some time been pending between the German, Swiss, English and French producers of crude aluminium have at length achieved a result. The producers of the countries in question have formed themselves into a European Aluminium Syndicate, with a provisional duration of two years. The registered office will be at Neuhausen in Switzerland, and the Committee will meet in Paris. No decision has yet been arrived at with regard to the rationing of production, but some sort of compensatory system is contemplated in the case of a possible discrepancy between increased production and increased sales in the individual countries. No restrictions have been agreed upon with regard to the establishment of new works.

For the moment the syndicate is principally interested in bringing about price agreements. In this respect the decisions of the cartel are applicable to all countries, with the exception of the United States, which is the largest producer and controls the largest producing unit in the world, the Aluminium Company of America.

The latest member of the new Syndicate is the German industry. This came into being during the war for the provision of aluminium for airship and aeroplane construction, and as a substitute for copper in electrical apparatus. To-day it is exclusively a peace industry, chiefly interested in the production of light metal for the aeroplane, automobile and tool industries. On account of the necessity for speedy inauguration in 1917 the works were based upon lignite (brown coal). The most important works now involved are the Vereinigte Aluminiumwerke (Reich concern), with works at Lautabach and Grevenboich, and the works in Bitterfeld belonging to the Dye Industry group. The Vereinigte Aluminium Works have now established a water power plant on the Inn.

The friendly agreement between the German and the Swiss works was no doubt the forerunner of the present cartel, and it had already introduced a uniform price policy. The European Syndicate which has now been

formed has three main objects: (1) The exchange of laboratory results and processes of production; (2) The discovery of new purposes to which the "youngest" metal can be applied; and (3) The stabilisation of crude aluminium prices, which have recently experienced a 12 per cent. reduction. The new syndicate represents an annual output of 85 mill. tons, or 47 per cent. of the world's production on the 1925 basis. As the French group controls the Italian industry, and that country only supplies 25 per cent. of her own demand, the only European outsider of any importance is Norway, whose production is controlled by America.

No change in Customs policy is anticipated for the present, so that the prohibitive Italian duty, the French 85 per cent. tariff on value, and the conditional German import prohibition will remain in force. The German Aluminium foundry industry draws its bauxite from Hungary and Istria, while its aluminium export consists chiefly of manufactured articles, though semi-manufactured goods are exported to nearly all the European countries which do not produce crude aluminium themselves, and to India and Japan. (*Deutsche Allgemeine Zeitung*, Nov. 16.)

## COMMUNICATIONS

**Shipbuilding Projects.**—The Norddeutscher Lloyd intends to utilise part of its new capital for the construction of a modern and swift passenger steamer for the New York service. Estimates have been solicited from all the German shipbuilding yards capable of undertaking the construction of a vessel of 35,000 tons. The management has decided to give the contract to the firm making the most advantageous offer and at the same time assuring first-class workmanship. It is therefore probable that Hamburg will receive it, though it is possible that it may go to Bremen, Elbing or Stettin. The "Columbus" was built at the Schichau Yard. The contract is to be bestowed at the end of the year, and the ship is to be ready for service in the spring of 1929. The Lloyd has decided to extend its passenger tonnage by this valuable ship in order to introduce greater uniformity into its fleet of passenger ships, the "Columbus" type having proved very satisfactory. The Norddeutscher Lloyd's traditional line of development is being faithfully followed in the new venture. This company has always specialised in purely passenger vessels, in which only the space unsuitable for the use of passengers was utilised for cargo, whereas the Hamburg-America line has adopted the combined passenger and freight steamer, after the Ballin type.

In addition to the construction of this luxury ship, it is proposed to build five large and fast freight steamers. The contracts have not yet been allotted, and the management intends to proceed with the programme by degrees as need arises. Nevertheless, the purchase of material has already been started, with the idea of avoiding the results of a possible increase in the price of shipbuilding material. The rumoured Tecklenborg contract for a 12,000 ton vessel is based, up to the present, on a merely provisional order. The new freight steamers are destined for the Eastern Asia and Australian services.

The management of the Norddeutscher Lloyd considers the shipping prospects most favourable. The passenger business has received a considerable impetus, even in excess of the general improvement. Up to the end of August 74,000 persons had been carried on the New York route, as compared with 91,000 in the whole of 1925. Freight business, in consequence of the British strike, has greatly improved, and is at the present moment highly profitable. It is expected that the prevailing rates will be maintained for months after the termination of the strike, and that in future a general freight rate will be maintained which corresponds with the 50 per cent. increase in working costs as compared with pre-war conditions. It is very seldom that



so sanguine a point of view is adopted in German shipping circles. There is general expectation of a 6 per cent. dividend from the big shipping concerns this year.

While insisting on the desirability of maintaining friendly relations between the two great shipping companies, the leaders of both the Lloyd and the Hamburg-America Line are equally opposed to any thought of trust formation, as imposing too much restriction on individual development in the various special branches of shipping. (*Hamburger Fremdenblatt*, Nov. 12.)

## LATVIA POLITICAL

**Constitution of the Seim.**—There are no sharp social contrasts in Latvia, for the majority of the population are farmers, with a comparatively small minority of industrial workers numbering about 50,000. As there are no powerful capitalists, a spirit of rural democracy prevails in the country combined with the radical tendencies of the urban middle class, whose ideal is an independent democratic republic based on the rights of private property.

The first Latvian Seim, which was convened in 1922, included 37 Social Democrats, and the second, elected on October 3 and 4, 1925, 38, four of whom were Socialists from the Right as distinct from the Social Democrats of the Left. Seventy-three per cent. of the electors took part in the elections to the second parliament, as compared with 82 per cent. in the elections to the first. The second Seim includes twenty-six groups, but despite the apparent disintegration of the Latvian political body, when judged from the number of parties, there is nevertheless a definite tendency towards a simple permanent system of party grouping.

At present the following groups are to be reckoned with:—

*The Left Party Group.*—Social Democrats, 32 members; Bund, 1; Right (moderate) Socialists, 4—total, 37.

*The Centre.*—Union of New Farmers, 3 members; Latgallian Democrats, 2; Democratic Centre, 2; Latgallian Labour, 2; Impartial Social Workers, 3—total, 12.

*The Farmers' Block.*—Farmers' Union, 16 members; New Farmers and smallholders, 3; Latgallian Catholics and Christian farmers, 5; Latgallian farmers, 2; Latgallian Independent, 1; Devastated Regions, 1—total, 28.

*The Berg Group* (or Union of Right parties).—National centre, 3 members; Christian Nationalists, 2; Union for peace, order and productivity, 2; National Farmers' Union, 1—total, 8.

Thus 85 deputies of 18 different parties form four groups. The minorities (8 parties and 15 deputies) are more or less united and work in conjunction with the corresponding Latvian parties in general. Communism finds very few supporters in Latvia. As the Communist movement is forbidden by law, there is no such party, and consequently no representation in Parliament.

The large number of Latvian parties may be ascribed to the novelty of the democratic Parliamentary system, which entitles every 100 electors to present an independent list of candidates. The Minorities also form separate national groups. In the present Seim for instance there are 5 Russians, 4 Germans, 4 Jews and 2 Poles.

It may be of interest to note that there have been eleven Cabinets since the proclamation of the Republic, as recorded in the following list of Prime Ministers: (1) to (4) Mr. Ulmanis, November 18, 1918, to July 13, 1919; July 14, 1919, to December 8, 1919; December 9, 1919, to June 11, 1920; and June 12, 1920, to June 18, 1921; (5) Mr. Meirovicz, June 19, 1921, to January 26, 1923; (6) Mr. Pauluks, January 27, 1923, to June 27, 1923; (7) Mr. Meirovicz, June 28, 1923, to January 26, 1924; (8) Mr. Samuels, January 27, 1924, to December 18, 1924; (9) Mr. Zelmin, December 19, 1924, to December 23, 1925; (10) Mr. Ulmanis, December 24, 1925, to May 5, 1926; and (11) Mr. Albering, in whose Cabinet Mr. Ulmanis figures as Minister for Foreign Affairs. (*Riga Times*, No. 36.)

## TRADE

### Foreign Trade Returns for August and September.

—According to the Board of Statistics, the foreign trade returns for August included imports to a total of Lats 21.1 mill. and exports to a total of Lats 14 mill. There was therefore an adverse balance of trade for that month of Lats 7 mill. In September imports increased by Lats 1.5 mill. to Lats 22.67 mill. and exports by Lats 3.2 mill. to Lats 17.24 mill., so that there was an improvement in the balance of trade in that month as compared with August, the deficit being reduced to Lats 5.43 mill. The increase in imports was chiefly due to manufactured goods, the import of which rose by over a million lats, including increases in the import of cotton (Lats 0.2 mill.) and woollen fabrics (Lats 0.3 mill.), as compared with August. Agricultural produce ranked foremost in the August exports, representing about 45 per cent. of the whole, while timber goods accounted for 30 per cent. and manufactured goods for 25 per cent. Under the heading "agricultural produce" butter was the chief item, representing 25 per cent. of the total exports in August.

Official statistics show that a total of 14,973 casks containing 759,240 kilogrammes of butter were registered and controlled during October, which represents a decline in production of 7,212 casks as compared with September. The October butter export totalled 16,419 casks or 837,935 kilogrammes. Of this total Germany took 16,216 casks or 98.7 per cent., Denmark 130 casks or 0.79 per cent. and Norway 73 casks or 0.44 per cent. Latvian butter exports to Germany are increasing steadily, but it would appear that Latvian exporters have severed connections with the British market, for not a single cask was sent to Great Britain in October. Although the German market is obviously very receptive, it is poor policy, says the *Riga Times*, to neglect the British market. It is of interest to note that a total of 9,110,655 kilogrammes of butter have been exported during the first ten months of the year. (*Riga Times*, Nov. 6 and 14; Consular Report, Nov. 9.)

## INDUSTRY

**Industrial Progress.**—Although Latvia is essentially an agricultural country her industries deserve all the support that can be accorded to them in view of promoting the general economic prosperity of the country. There has been a steady increase in the number of enterprises and in the number of hands employed (see *THE ECONOMIC REVIEW*, April 23). The 1925 figures of 3,200 enterprises and 53,034 hands represent over 50 per cent. of the 1910 number of 782 enterprises and 93,343 hands. It is of interest to note that the small industries have become the dominant feature of this section of the economic system. As regards the number of hands employed the pre-war level has been reached in the woodworking branch, in the paper and allied industries, and in the factories preparing foodstuffs and delicacies. This is a great stride forward considering the almost complete destruction of Latvian industries during the war. The greater proportion of the labouring population is employed in enterprises located in and around the towns, as distinct from rural industries. For example, 20,492 workmen were registered on January 1 in Riga alone, representing more than 50 per cent. of all the hands employed in Latvia. During the period 1921 to 1925 the number of hands employed in the big industries increased from 17,659 to 30,105; in the medium enterprises from 6,358 to 12,823, and in the small enterprises from 4,626 to 6,977.

With regard to production, the output of the paper industry represented a value of Lats 21.4 mill. in 1924, the paper mills alone accounting for over Lats 10 mill. Paper exports returned Lats 3.6 mill. in 1924 and no less than Lats 5.6 mill. in 1925. In the woodworking branch sawmills rank foremost, with an output of different sawn goods valued at Lats 25.6 mill. Woodworking industries, veneer and plywood factories turn out goods to the value



of Lats 6.1 mill. The aggregate value of the entire output of this industry is Lats 34.5 mill. Riga continues to figure prominently among the timber export centres of the Baltic. The output of the Latvian textile industries presented an aggregate value of Lats 28.2 mill. in 1924. The wool mills alone produced goods valued at Lats 9 mill., the flax mills for Lats 4.5 mill. and the cotton mills for Lats 4.1 mill. The output of the metal industry was valued at Lats 30.4 mill. in 1924. The mineral industries, embracing glass factories, cement, porcelain and earthenware factories, gypsum mills, brick and lime kilns, tile factories and other undertakings, produced goods valued at Lats 6.7 mill. In the chemical branch an aggregate output of Lats 17.5 mill. was registered in 1924. Rubber goods were manufactured for a sum of Lats 2.27 mill. in 1925 as compared with Lats 0.20 mill. in 1924. Latvian-made linoleum was exported for the sum of Lats 2.4 mill. in 1924. The output of the match factories totalled 186.4 mill. boxes in 1925 as compared with 103 mill. boxes in 1924. The output of the animal products industries, embracing tanneries, footwear factories, saddleries, leather-belting factories and bone mills, represented a total value of Lats 16.2 mill. in 1924. Of this total Lats 10.5 mill. was returned by the tanneries, and over Lats 4 mill. by the footwear factories. Very rapid has been the growth of the tobacco factories, whose output amounted to 1,017 mill. cigarettes in 1925, as compared with 994 mill. in 1924, 898 mill. in 1923 and 719 mill. in 1922. Dairying is one of the most flourishing of Latvian industries, the butter exports alone returning the sum of Lats 30.25 mill. in 1925 as compared with Lats 14 mill. in the previous year.

Whereas in 1923 mechanical motive power was used in 1,776 enterprises, the number had increased in 1925 to 2,694. The average horse-power per enterprise was 37.7 last year as compared with 46.5 in 1923. The number of enterprises utilising mechanical motive power is about six times more than the number of those which do not.

Steady development is observed in the branches of industry which possess large capital and enjoy the benefit of cheap foreign credit. This is particularly noticeable in the textile, paper and tobacco industries. Cheap credit is vital to industrial development and increased productivity. The problem of financing the productive and competitive branches of Latvian industry is one which requires a prompt and positive solution. The investment of foreign capital in the well organised branches of local industry has hitherto proved beneficial alike to the foreign investor and to the local manufacturers. Greater activity in this direction is necessary, for every possible means should be adopted to augment domestic productivity in the endeavour to promote the welfare of the country. (*Riga Times*, Oct. 23.)

## COMMUNICATIONS

**The Port of Riga in August and September.**—The monthly review of shipping in the *Rigasche Rundschau* opens with the observation that the rising tendency of Riga navigation in recent months has been in no way commensurate with the dull condition of shipping in general. Shipping activity is partly ascribed to coal in transit to Great Britain, and in no small degree to the large imports of grain. Although the coal transit trade has not been as extensive as was expected, eight steamers of 7,572 n.r.t. were despatched with Polish coal to England in August and six with 8,453 n.r.t. in September. A total of 325 vessels of 110,122 n.r.t. arrived in Riga in September as compared with 346 of 114,267 n.r.t. in August. Cargo was brought from the following countries —

	August.		September.	
	Vessels.	Reg. tons.	Vessels.	Reg. tons.
Germany... ..	28	15,236	35	18,731
Latvia ... ..	150	12,088	155	18,310
Danzig ... ..	18	11,184	18	8,717
Estonia ... ..	31	9,663	10	5,640
Great Britain ... ..	14	8,803	7	3,468
Holland ... ..	7	5,662	5	5,495
Sweden ... ..	21	5,589	33	6,386
Belgium ... ..	5	3,655	5	3,084
Denmark ... ..	9	2,987	7	3,437
Memel ... ..	5	2,965	2	712
Finland ... ..	5	1,363	7	2,602
Poland ... ..	1	1,044	—	—
Russia ... ..	—	—	1	1,380

Grain and fertilisers were the principal imports in August, and some large quantities of American wheat and flour were brought over from Hamburg, while a million kilogrammes of superphosphate came from Antwerp. Large quantities of grain were imported again in September, coming from Königsberg, Stettin, Danzig and Hamburg.

Great Britain took by far the major portion of exports both in August and September, the cargo shipped amounting to 35,224 r.t. and 32,918 r.t. respectively. Germany took second place with 16,882 tons in August and 18,101 tons in September. Butter was an important export item in both months, while in August whortleberries and blackberries were shipped to Hamburg and apples and pears to Finland. Latvian matches were shipped to Grangemouth and Ghent. Freight rates began to rise steadily in September, and the tendency was further maintained in October. (*Riga Times*, Nov. 6.)

## SPAIN

### POLITICAL AND GENERAL

**The Political Situation.**—The present political situation in Spain is the cause of much uneasiness within the kingdom, and is proving a disturbing factor in the economic relations with other countries. However secure the present Government and however stable the general conditions may appear, the general opinion is that, despite the results of the recent well-staged and skilfully manœuvred referendum, General Primo de Rivera is gradually losing the support of the public and is certainly no longer assured of the favour of the main body of experienced politicians or of the cultured classes of the country. Certain signs, too, have been read by the public as indicating that the King himself would not now be averse to a change from the present political régime. On the other hand, it is also realised that General Primo de Rivera would probably be able to suppress any organised attempt to overthrow his Government, inasmuch as he still retains control of the armed forces of the country, notwithstanding the Artillery revolt in the autumn.

The opposition to the present Government dictatorship may be roughly divided into four classes, viz. the Republican revolutionaries, the Separatists of Catalonia, the old party politicians, and lastly the dis-

### "The Central European Observer"

A WEEKLY REVIEW OF POLITICS, FINANCE  
AND COMMERCE.

The Central European Observer supplies up-to-date and reliable information on Central Europe. It contains valuable reports on all business matters and assists in promoting mutual trade relations.

Annual Subscription, 10s. post free.

Specimen Copies and Advertisement Rates sent post free on application to—

"The Central European Observer,"

Prague XII., Fochova 62,

Czechoslovakia.



**FINANCE**

**Reform of the Coinage.**—The Government has decided to reform the existing coinage. It is proposed to introduce a new silver coin of the value of half a peseta, or 50 centimos. At the present rate of exchange this new coin is equivalent to about 4 pence. The new piece will bear the head of King Alfonso on the obverse side and the Spanish coat-of-arms on the other. It will weigh two and a half grammes and measure 18 millimetres in diameter. The new pieces are already being minted. When this issue is made the Government will proceed to stamp a large quantity of 25 centimo pieces in copper-nickel. It is further intended gradually to withdraw from circulation the heavy copper pieces of the value of 10 and 5 centimos and to replace them by smaller coins of the same denomination, but in copper-nickel. (*El Sol*, Oct. 23.)

**Successful Debt Issue.**—The Ministry of Finance has issued data respecting the definite results of the recent issue of Ptas.225 mill. of the Amortisable Debt at 5 per cent. There were altogether 30,385 subscribers to the issue, representing a total sum of Ptas.570 million. The subscriptions in Madrid alone amounted to a total of Ptas.207.9 mill., while those in Barcelona totalled Ptas.46.3 mill. The fact that the issue was covered more than twice is regarded as a favourable sign of the financial situation in the country. (*El Sol*, Nov. 15.)

**TRADE**

**Foreign Trade Returns for the Half-year.**—Spain's commercial exchanges with foreign countries during the first half of the year show an improvement on the figures for the corresponding period of 1925 and 1924. According to the *Estadística del Comercio Exterior de España*, recently issued by the Council of National Economy, the results of the six months' trading are as given in the table below, in comparison with the figures for the first half of 1925 and 1924 (in millions of pesetas):—

	1926.	1925.	1924.
Value of imports ... ..	1,152.9	1,137.0	1,432.6
Value of exports ... ..	858.5	800.5	907.6
Adverse balance ... ..	294.4	336.5	525.0

The decline in the adverse balance is very slight, but it is satisfactory to note that this is due to the increase in the value of exports. Imports also increased in value, though not to the same extent. The general turnover of trade during this period was somewhat

affected military officers mainly of the Artillery regiments. In the aggregate the opposition is very powerful, more on account of its quality than of its numerical strength. But, apart from the common purpose of overthrowing the Government, the aims of the individual sections of this opposition are so divergent that joint action is hardly to be expected, while separate action can only prove abortive. However violent their methods, the Republican revolutionaries and the Communists are not sufficiently numerous to be taken very seriously at the present juncture. The Catalonian Separatists are divided among themselves, both as to the exact end they have in view and as to the means by which they are to attain that end. Moreover, in Catalonia itself there is to-day a very strong movement against any form of separation from the rest of the kingdom. As conditions now are, an insurrection in Catalonia, though possible, would probably prove futile. It is the old party politicians that the Government most fears. Lacking effective leadership and prevented by the censorship from giving public expression to their views, the Liberals and Conservatives are conducting a vigorous subterranean campaign which sooner or later is bound to exercise a great influence upon public opinion. An indication of the radical change of opinion that might be expected should liberty of expression be restored was provided recently by the effect of an article that appeared in the *A.B.C.* from the pen of Count Romanones, the Liberal leader. The former Premier made a damning indictment of the present régime, showing that the relation between the governing party and the governed had been reduced to the ancient system of lords and vassals and that the monarchy was no longer constitutional but absolute. "Sooner perhaps than most people expect," he wrote, "the constitutional régime will return—if not with the monarchy, then without it." After the first wave of astonishment that the Censor had allowed such a free expression of views to be published, a decided reaction against the present Government set in, accompanied by an equally strong desire to restore the constitutional system. The Artillery problem has been temporarily settled; but recurrent trouble may be expected in the near future. The officers are to be reinstated, on conditions, however, that are regarded by them as humiliating. It is generally believed in Madrid that the disaffected officers will accept the Government's terms, but that once having secured possession of the guns they will again attempt to enforce their demands even at the cost of another revolt.

The general uncertainty and uneasiness as to the future are having an unwholesome effect on the economic life of the country. It is feared that the peseta may at any moment go tumbling downwards and that there may be an unprecedented rise in the cost of living, which is already higher than in most other European countries. Although the Government has initiated and is still carrying on many works of public utility, private enterprise is cautious and there is consequently little fresh activity. In spite of the high protective tariffs and other forms of Government support, industry in Spain is passing through a severe crisis, while the commercial exchanges with foreign countries are hampered by the general feeling of insecurity. The agricultural interests are being alienated from the Government, largely on account of the official policy in regard to tariffs. It is realised that the Government's antagonistic attitude towards foreign manufactures may lead to reprisals in foreign countries directed against the importation into those countries of Spanish fruits and agricultural produce, which are the mainstay of Spain's exports.

Whatever present appearances may be, the situation in Spain is anything but stable. A permanent improvement is hardly to be expected till the political horizon is again clear, and that perhaps can only happen when the constitutional régime has been restored.

**The  
Czechoslovak  
Market**

*A Monthly Review*

Published on the 1st of  
Every Month.

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

The Eco Della Stampa, Corso Porta Nuova 24, Milan, Italy.—This office reads for you all newspapers and reviews, and sends to you with all despatch cuttings concerning you. Terms of subscription will be sent on receipt of your card.—*Advt.*



greater than in 1925, and considerably lower than in 1924. The main imports are as follows (in millions of pesetas):—

	1926.	1925.
Minerals, etc. ... ..	117.7	106.6
Timber, vegetable products, and manufactures ... ..	62.3	64.3
Coal ... ..	42.6	41.1
Gasoline, petroleum and lubricants ... ..	42.5	40.6
Mineral oils ... ..	25.4	23.1
Live stock ... ..	43.9	30.6
General metals and wares ... ..	70.3	88.4
Iron and steel in bars, etc. ... ..	21.7	31.6
Manufactures of iron and steel ... ..	26.6	31.4
Machinery ... ..	64.7	57.7
Agricultural machinery ... ..	12.5	12.7
Electrical material ... ..	25.3	26.5
Automobiles and parts ... ..	67.0	46.4
Artificial manures ... ..	51.1	51.9
Oleaginous seeds ... ..	40.0	43.9
Paper and paper products ... ..	19.6	18.1
Cotton and products ... ..	174.2	141.0
Raw cotton ... ..	160.9	128.5
Hemp, linen, etc., and manufactures	32.0	32.2
Jute, etc. ... ..	19.6	18.9
Wool, hair and manufactures ... ..	16.9	9.7
Silk and silk goods ... ..	42.7	29.7
Foodstuffs and beverages ... ..	186.1	170.7
Tobacco ... ..	40.6	119.8
Manufactured rubber ... ..	20.1	14.9

With few exceptions there has been but little change in the character and volume of imports during the first six months of the present year in comparison with the situation in 1925. The most notable of the exceptions were automobiles, the importation of which rose from 46.4 mill. pesetas to 67.0 mill. pesetas; all classes of cotton imports, which showed a rise of about 30 millions; and tobacco, which fell off by nearly 80 millions, the value of imports in 1926 being but little more than a third of that for the first six months of 1925.

The value of the chief exports is shown in the following table, in comparison with the figures for the first half of 1925 (in millions of pesetas):—

	1926.	1925.
Minerals of all classes ... ..	71.5	59.8
Iron ... ..	26.8	40.1
Iron pyrites ... ..	12.5	12.6
Copper ... ..	11.3	10.7
Cork, unprepared ... ..	10.9	14.8
Cork manufactures ... ..	35.8	21.5
Live stock ... ..	19.7	23.4
General metals and wares ... ..	83.5	91.3
Machinery, apparatus and vehicles ... ..	2.8	2.5
Chemical products and derivatives ... ..	54.0	59.2
Paper and paper products ... ..	10.5	11.4
Cotton and cotton goods ... ..	32.1	46.2
Hemp, linen, etc., and manufactures	3.6	5.1
Silk and silk goods ... ..	2.2	2.9
Wool, hair and products ... ..	14.6	27.6
Cereals and flour ... ..	21.5	16.1
Rice ... ..	17.6	11.7
Fresh vegetables ... ..	26.9	17.8
Onions ... ..	18.6	12.5
Potatoes ... ..	5.8	3.0
Dried fruit ... ..	58.0	33.8
Fresh fruit ... ..	177.0	175.6
Oranges... ..	172.4	173.2
Olive oil ... ..	92.7	30.6
Almonds ... ..	25.5	14.9
Spices ... ..	10.3	11.4
Wine of all kinds ... ..	67.1	60.4
Preserves of all classes ... ..	30.1	26.0

During the administration of the present Government repeated attempts have been made to stimulate the manufacture of various industrial products, and such industries have been aided by excessively high tariffs. Despite all these efforts there has been a general tendency for the exportation of manufactured goods to recede, while that of fruit and general agricultural produce is on the up-grade. The figures given above again demonstrate that Spain is above all an agricultural country and that fruit and agricultural produce form the mainstay of the export trade. It is the realisation of this fact that has revived the movement for the reduction of the import duties on numerous manufactured goods of foreign origin. It is feared in agricultural and fruit-growing circles that the retention

of such excessively high duties will eventually induce foreign countries to make reprisals which will directly affect the agricultural interests of Spain. Moreover, under the present tariff system farmers and fruit-growers have to pay unnecessarily high prices for machinery and equipment for the development of their own industries.

**Commercial Relations with Great Britain.**—The Treaty Section of the Council of National Economy met on October 28, reports the *A.B.C.* of October 29, to consider the commercial relations of Spain with Great Britain, Greece, Rumania, Czechoslovakia, Germany and Turkey. With regard to the Commercial Treaty with Great Britain, which could have been denounced by either contracting party on October 23, Señor Yanguas, the Minister of Foreign Affairs, announced that both countries had agreed to enter into negotiations for a complete revision of the existing treaty, which was regarded in many respects as unsatisfactory by both parties and which had not worked altogether smoothly. If the treaty had been denounced at the appointed date it would, he said, have lapsed automatically on April 22, 1927. In view of the impending negotiations it had been agreed to postpone the date of denunciation, but not, however, beyond April 22 next. Señor Yanguas further stated that it was desirable to avoid even a temporary commercial rupture with Great Britain.

**Protest against the Embargo on Steel Imports.**—The recent Royal Decree placing an embargo on the importation of steel into Spain has aroused considerable resentment in British commercial circles with interests in Spain. On October 13 an important deputation, representing the various centres of the British Chamber of Commerce for Spain, submitted a protest to the British Ambassador in Madrid. The document points out the regrettable situation that has arisen in British commerce with Spain since the signing of the commercial treaty, a situation which has become more acute since the publication of the recent Royal Decree practically prohibiting the importation of steel and increasing from 10 to 25 per cent. the existing duties on many articles not specially mentioned in the said treaty.

The fact that the balance of trade between Great Britain and Spain, which according to the figures of the British Board of Trade was already in 1922 in favour of Spain to the extent of nearly £6,000,000 per annum, had by the end of last year been increased to some 9 million sterling, or by about 50 per cent., is in itself an indication of the disastrous effects of this treaty. Many business lines have been obliged to close down in consequence of the working of this treaty. It appears that in the arrangements between Spain and Great Britain the former country has undoubtedly benefited enormously at the expense of the other. The protest further asserts that Great Britain is practically the only country where this state of affairs obtains, that in almost every other case the balance of trade has developed precisely the other way. Under such circumstances it is all the more extraordinary that Spain should single out for attack a trade in which Great Britain is so largely interested and which constitutes a Sheffield speciality. By means of changes in the index of the Customs Tariff and the adoption of other measures since the signing of the commercial treaty in question, any benefits that Great Britain had received have been gradually reduced. While it is possible for Spain to act detrimentally to the interests of Great Britain without infringing the letter of the treaty, the latter country is apparently precluded from increasing the duties on Spanish wines, raisins or brandy, and entirely prohibited from imposing a duty on cork, nuts, grapes, fruit, olive oil, iron ore, etc. Thus the trade relations between the two countries cannot be said to be founded on a basis that can afford Great Britain equitable treatment.



**Railway Tenders.**—Tenders for the construction of the Cuenca-Utiel and Soria-Castejón railways have, according to *La Semana Financiera*, now been accepted. The contract for the building of the first-mentioned line has been placed at a price 7½ per cent. below the cost originally estimated, which was Ptas.63,624,000. The contractor has undertaken to complete the railway within a period of four years and to construct within eighteen months two sections of the line, of 40 kilometres each, from Cuenca and Utiel respectively. The contract for the construction of the Soria-Castejón railway has been placed at 10¼ per cent. below the estimated cost of Ptas.32,283,000, the line to be completed within three years. (*Report of the Anglo-South American Bank.*)

**Importation of Arms and Ammunition from Great Britain.**—A Royal Decree, dated October 5, modifies the regulations for obtaining authority for the importation into Spain of arms and ammunition from Great Britain. Where small quantities of munitions are concerned, the Spanish Ambassador in London may, at his discretion, supply the necessary permit without consulting the Ministerio de Estado in Madrid, but shall furnish a report to that Ministry giving full particulars as to the destination, class, and quantity of arms or munitions concerned. In regard, however, to large quantities of munitions, the regulations hitherto obtaining will remain in force. (*Ibid.*)

**INDUSTRY**

**Discovery of Phosphate Beds.**—As a result of the researches that have been carried out in the Sierra de España in the province of Murcia some important deposits of phosphates have been discovered. These are said to be very extensive and to be rich in content. It is also of interest in this connection to note that experiments have for some time past been conducted in Flix in the province of Tarragona, Santinanigo in Huesca, and in Asturias with a view to producing synthetic ammonia. The results are reported to be satisfactory and it is believed that a start will soon be made in the manufacture of artificial fertilisers. It is estimated that the aggregate production of the new phosphate beds and of the fertiliser factories will be sufficient to meet the home demand for these products. At the present time Spain imports approximately one and a half million tons of artificial manures every year, attaining an aggregate value of Ptas.375 mill. The consumption of phosphates in Spain is estimated at about 750,000 tons per annum to the value of Ptas.90 mill. Since Spanish agriculture has not yet been developed to anything like its full capacity there is no reason to fear that the new sources of supplies of artificial manures in Spain will materially affect imports of these commodities, if only an effective propaganda be conducted in the country to induce farmers to use the fertilisers on a more extensive scale than hitherto.

**SOCIAL AND LABOUR CONDITIONS**

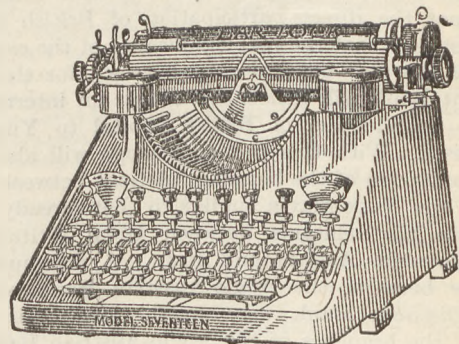
**Labour Corporations.**—According to the official *Gaceta* of November 19, the Government has issued a Decree-law for the regulation of the relations between employers and employed. Under the new arrangement local committees will be formed composed of five representatives of the employers and five representatives of the workers. This body will be empowered to determine the conditions in respect of wages, hours of work, holidays, etc. The local committees have in their turn to elect five members to sit on the corporations, of which there will be twenty-eight altogether, representing the various branches of the industrial and commercial trades, as well as the distributing and transport trades. These corporations will furnish the Government with information concerning their respective branches and will also be empowered to convoke congresses to consider any current problem affecting their interests.

They will be further empowered to settle labour disputes and to organise the transfer of workers from one district to another as required, with a view to meeting the demand for labour with a sufficient supply.

**Cost of Living.**—The official Statistical Bureau has issued data respecting the cost of living in September, in comparison with the situation in July and August. The statistics are based on the prices of 74 articles of general consumption and are as follows:—

	July.	August.	September.
<b>Foodstuffs—</b>			
Meat ... ..	210	211	213
Vegetable foodstuffs ... ..	161	164	160
Beverages and sundries ... ..	169	170	172
Sectional index ... ..	178	180	179
<b>Manufactured goods—</b>			
Fuel, gas and electricity ... ..	170	182	172
Textiles, leather, etc. ... ..	180	174	174
Metals ... ..	181	186	185
Building materials ... ..	208	203	203
Chemical products & sundries ... ..	152	154	149
Sectional index ... ..	177	179	176
General index ... ..	178	180	178

The figures for Madrid and Barcelona again show that articles of prime necessity are much dearer in the capital than in Barcelona. The general index number is somewhat higher than at the close of the half-year, but an improvement on the average for the past year. During 1925 the average index number for meat was 216; for vegetable foodstuffs, 167; for beverages, etc., 132; and for the whole section, 183. The average index number for fuel, gas and electricity was 167; for textiles, leather, etc., 200; for metals, 167; for



Model No. 17.

**Efficient : Durable : Light-running  
Unexcelled by any foreign make.**

Seven days' free trial.  
Write for particulars.

Be sure your next machine is a BAR-LOCK, and get the best typewriter, while you help British Industry and find work for British craftsmen.

**BAR-LOCK**

THE BRITISH-MADE TYPEWRITER.  
BAR-LOCK (1925) CO.

BAR-LOCK WORKS, BASFORD, NOTTINGHAM.

London Agents : INSOLL & CO., 42, Southwark Street, S.E.1.



building materials, 216; for chemicals and sundries, 168; and for the whole section, 182. The average general index number for the past year was 183. (*España Económica y Financiera*, Nov. 13.)

## YUGO-SLAVIA

### FINANCE

**British Capital in Yugo-Slavia.**—When at the end of September it was announced that the Anglo-Austrian Bank Limited was being fused with the British Trade Corporation, the opinions as to the effect of this operation upon the Yugo-Slav financial market were as varied as they were numerous. The supposition that the new bank would effect its operations on the Continent with the leading local banks proved to be justified by the official communication. When it is considered that the Anglo-Austrian Bank dealt with very important business throughout the whole of Central Europe, it is evident that this fusion is a financial event of the first order. The importance of the change is made still greater by the fact that the British Trade Corporation was likewise a concern of most extensive activities and that both these houses enjoyed the strong support of British interests. The Bank of England took a lively interest in the affairs of the Anglo-Austrian Bank, while the British Trade Corporation was favoured by the immediate support of the British Board of Trade. The new bank, known as the Anglo-International Bank Limited, will now receive the collaboration of these two powerful British factors.

The fact that the Anglo-International Bank will concentrate all its transactions in Yugo-Slavia with the Croat Discount Bank at Zagreb is a matter of vast economic importance for the country. Hitherto Yugo-Slav industry has not assumed sufficient dimensions to attract the direct participation of British capital. It is just here that the real significance of the establishment of the new concern may be seen, for the Croat Discount Bank will henceforth act as an intermediary for the introduction of British capital to Yugo-Slav enterprises. With this present change will also come a reorganisation of the banking relations between Great Britain and Yugo-Slavia similar to that already introduced in the relations between Great Britain and Czechoslovakia, Austria and Italy. A community of interests between the Anglo-Austrian Bank and the Croat Discount Bank was already created in 1922. Some of the branches of the Anglo-Austrian Bank and of the British Trade Corporation have already been transferred to the Discount Bank, and all the transactions of the new Anglo-International Bank at Belgrade will be effected by the branch of the Croat Discount Bank in that city. The arrangement will probably prove to be of much benefit to Yugo-Slav economy. (*Trgovinski Glasnik*, Oct. 17.)

The *Morgenblatt* of October 6 last reports that with the aid of a British financial group which has granted a long term credit of £300,000 to a Yugo-Slav company for the exploitation of forests in Yugo-Slavia, a new trading company for a similar purpose, known as the Timber Exploitation and Trading Company, has been formed with its head office at Rotterdam and a branch at Zagreb. Only £800,000 worth of the shares (about 5 per cent.) has been put in circulation, the remaining 95 per cent. being retained by the syndicate.

### TRADE

**The Export Trade.**—The complete returns of the foreign trade of Yugo-Slavia during the first three quarters of the current year were not available at the moment of going to press, but the figures of exports during this period have been published and show on the whole satisfactory development. Judged solely on the basis of value the export trade appears to be declining in com-

parison with the corresponding period of last year, the total value having dropped from 6,706,040,478 paper dinars, or 581,435,102 gold dinars, to 5,580,568,209 paper dinars, or 509,252,232 gold dinars. A decrease of 1,125,472,269 paper dinars, or 72,182,870 gold dinars, that is between 12 and 13.5 per cent., would indicate a serious state of affairs if the volume of goods exported likewise declined. Actually, however, there has been an increase in the volume of exported goods, the total weight for the first nine months of the year being 3,666,207 tons as against 3,229,823 tons for the corresponding period of last year.

The diminution in the value of exports this year may be attributed to two main causes: first, the fall in the price of general agricultural produce, which forms a very important part of Yugo-Slavia's exports, and secondly, the improvement in the dinar currency on the foreign exchanges. Neither of these causes can be regarded as detrimental to the development of the country's general economic life. It is satisfactory to record that there has of late been a revival in the exportation of timber, while the cereal market has also shown signs of returning briskness. (*Trgovinski Glasnik*, Oct. 25.)

**Export Possibilities for Agriculture.**—At the recent Fourth Economic Congress held in Belgrade reports were presented concerning the present economic situation in Yugo-Slavia, and an interesting picture was given of the export possibilities for agriculture in the current economic year, September 1, 1926, to August 31, 1927. It is estimated that 250,000 tons of wheat valued at 700 mill. dinars, 800,000 tons of maize valued at 1,100 mill. dinars, 50,000 tons of rye and oats valued at 70 mill. dinars, 50,000 tons of beans valued at 90 mill. dinars, 20,000 tons of peas valued at 10 mill. dinars, and 30,000 tons of bran valued at 30 mill. dinars will be exported. The total value of the agricultural produce which, it is hoped, will be exported is 2,000 mill. dinars. There must also be taken into consideration the exportation of fruit to an estimated value of 290 mill. dinars, most of which will consist of prunes, of which 50,000 tons will be exported to the value of 200 mill. dinars. (*Central European Observer*, Oct. 29.)

### COMMUNICATIONS

**A New Railway.**—A new line of 34 kilometres between Stip and Kocane in southern Serbia, says the *Central European Observer*, has been opened. The line, which has taken a year to build and has cost 34,000,000 dinars, is a continuation of the Veles to Stip section, which joins the main line between Skoplje and Djevdjelje at Veles. It opens up a large tract of fertile territory and will later be extended via Kraljevo to Kumanovo.

## CENTRAL AMERICA

### MEXICO.

**Steamship and Air Services, Telegraphs and Telephones.**—The Intercoastal Steamship and Navigation Company of Mexico, which has just been formed in Delaware, U.S.A., with a capital of \$1,000,000, is to establish a steamer service in Mexican waters.

The American Chamber of Commerce is taking steps towards the establishment of an air mail service between Mexico and New York, which, utilising the actual air mail routes in the United States, would make postal communication with the principal cities of that country much more rapid than at the present time. The transport of correspondence to New York would be made in seventy-two hours. It is believed that this service may shortly become a fact owing to the favourable view of the project taken by the Mexican Director General of Posts.

The Director General of Telegraphs has informed the Ministry of Communications and Public Works that on behalf of the Government he has signed the respective agreements with the Republics of Guatemala,



Salvador, Costa Rica and Honduras for the establishment of direct telegraphic communication, by land lines and by wireless, from Mexico City.

On June 16, at noon, direct telegraphic service between Mexico City and New York was inaugurated, cordial messages of congratulation being exchanged simultaneously between President Calles and President Coolidge.

The Ericsson Telephone Company has obtained a concession from the Federal Government for the establishment of its telephone service throughout the Republic, linking the principal towns by means of long-distance apparatus. The first cities which will be linked up telephonically will be Mexico and Laredo (on the border) and all intermediate towns; then Mexico and Veracruz and intermediate towns, and Mexico and Guadalajara and intermediate towns. The trunk lines will communicate with the lines existing in the States. The possibility of an extension of this service to the States of Colima, Nayarit, Sinaloa and Sonora (west coast) is also under consideration.

## THE ECONOMIST'S BOOKSHELF.

### THE ALLEGED FALL OF FREE TRADE.

**The Free Trade Fall.** By FRANCIS FRANCIS. (London: John Murray. Price, 3s. 6d. net.)

In "The Free Trade Fall" the author attempts to demonstrate that since the establishment of free trade the industries of the country, and in particular the staple industries, have weakened. The weakening process has now reached a stage when our industrial structure can be described as crumbling. The inevitable result is near at hand. The country will be down and out, unless the free trade legislation be amended. Britain's doom has been pronounced so frequently and in such emphatic terms throughout the centuries that one more pronouncement of this kind will not perturb even the most susceptible reader.

Nothing could be stranger to the reviewer than to read that since 1846 our industries have been declining. Judged by all the recognised standards the period since that date has been one of continual progress and expansion, subject of course to slight interruptions due to particular causes. A careful study of the statistics of production of staple commodities or of the yield of every penny of the income tax would have revealed to the author sufficient information to warn him against these pitfalls.

The value of the work and the author's opinion can best be indicated by the quotation of a few sentences. I submit the following:—

"Nothing should be more positively checked than foreign trade, which tends to weaken home industries."  
 "Nature has made nations self-supporting."  
 "When trade is mutually beneficial, both traders will have failed in what certainly will have been their endeavours."  
 "In industry and trade, which concern our very existence as a nation, Government abstains from all useful interference."

Comment is needless.

The book itself does not justify further space. We might utilise this opportunity to express our opinion that the free trade system is not sacrosanct. Discussion of the country's fiscal system and the changes which may necessitate further inroads into free trade or a restriction of the modifications now in force are to be welcomed.

It seems to us that an industry which under normal conditions cannot maintain its home market does little service to the community. The foreign competition is subjected to railway freight and handling charges in two countries in addition to sea freight and insurance. This is sufficient protection for the home manufacturer if his business is run on anything like efficient lines. This liability of competition from foreign rivals tends to safeguard the consumer against the inefficient producer.

It may or it may not be wise policy to sacrifice trade with foreign countries in order to develop or bolster up trade with the Dominions. If the proponents of Imperial Preference have a case it is certainly weakened by publications of this kind. A series of inaccurate historical statements, absurd economic arguments and extravagant declamations cannot but injure the cause which it endeavours to support. Before changing or attempting to change the industrial or economic policy of a country it is well to ensure that the present position, and the events which have led up to it, are examined impartially and with precision. Truth must be sought on, and logical principles applied to, all sides of the problem. It is only in this way that the country can be prepared for a change if change is necessary.

D. M. SANDRAL.

### SHORT NOTICES.

**The Ordinary Man's Own Accounts.** By BM/FAX 5. (London: P. S. King & Son, Ltd. Price, 5s. net.) This is a practical guide for ordinary men and women. It tells them how to keep accounts of their income and expenditure, their savings, investments, dividends, income tax and life assurance, and their financial transactions generally. It is not concerned with the accounts kept in trade or business, but only with those which relate to the management of one's private affairs. The book aims at reaching the "ordinary man," but the author amplifies the phrase and tells us that it is intended "as a guide for any person of either sex who possesses money or has an income to spend." The possession of either or both is necessary for a proper appreciation of the author's labours, and if one feels that "in this country we are subject to the most drastic income tax, super-tax, and death duties known to civilised man," and feels further that he is equal to the task of appraising his own liabilities under such obligations, much profit may be derived from a careful study of this volume, and a less expensive game than golf may be devised for week-ends.

**The Medical Who's Who.** Eighth Edition. (London: The Grafton Publishing Company, Limited. Price, 30s. net.) This is the 1927 edition of the work and it reaches a very much higher level than that attained by its predecessors both in merit and size. It is rapidly covering the whole field of the profession, while the merit of its biographies leaves little to be desired. In order to compile such a work it was necessary to prepare a questionnaire for circulation among the members of the profession, and the General Medical Council, to whom this form was submitted for approval and criticism, have authorised the following statement: "The list of Questions to Practitioners on the answers to which the book is based was submitted to the Officials of the General Medical Council, and no objection was taken to them." Essentially dissimilar from other unofficial publications, this work, the publishers state, includes no name which for any reason does not appear in the *Medical Register* as corrected up to the date of its publication by the General Medical Council. The publishers, moreover, wish it to be clearly understood that, while not subject to, they fully recognise the authority and jurisdiction of, the General Medical Council, and accept their rulings, regulations, and decisions regarding inclusion or exclusion of any name without question. The difficulties confronting the editor will be readily appreciated. It only remains for us to say that he has surmounted them with tact and discretion, and the result is a volume of considerable value as a work of reference.

**La Pressione Tributaria e la Variazione dei Redditi della Città di Torino (1880-1925).** By Signor Francesco Antonio Répaci. (Turin: Arti Grafiche ditta Fratelli Pozzo. 1926.) As its title indicates, this booklet deals with the tributary burden and the variations in revenue of the city of Turin during the period of forty-five years from 1880 to 1925. In the introduction the author examines the principles and the relations between local and State charges. A chapter is then devoted to the communal balances throughout the period under survey, the various movements of the rates, etc., with complete statistics from 1825 to 1925, and the development of revenue, followed by a useful classification of ordinary revenue. A valuable section of the book is that in which the author gives an exposition of the fiscal impositions. Here he deals concisely and lucidly with the direct taxes, the land duties, taxes on manufactured goods, the income tax, and various complementary impositions. In the chapter on the variations of revenue during the period 1880 to 1926 Signor Répaci gives a very interesting account of the differences in the development of the tributary demands made upon industrial and commercial concerns, of private and collective contributions, and also of the revenue from the "professions." The work closes with a survey of the extraordinary war taxes, an explanation of indirect taxation, with a résumé of the tributary impositions in Turin and in the whole kingdom. Though not a very pretentious work, *La Pressione Tributaria e la Variazione dei Redditi della Città di Torino* may well be recommended to those who are interested in Italian economic and particularly fiscal affairs.



**PUBLICATIONS RECEIVED.**

*Commercial Air Transport.* By Lieut.-Col. Ivo Edwards, C.M.G., and F. Tymms, M.C., A.F.R.Ae.S. With a Foreword by Air Vice-Marshal Sir Sefton Brancker, K.C.B., A.F.C., Director of Civil Aviation, Air Ministry. (London: Sir Isaac Pitman & Sons, Ltd. Price, 7s. 6d. net.)

*Hungarian Commerce and Industry in the Year 1925.*—Publications of the Budapest Chamber of Commerce and Industry.

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

*The China Year Book 1926-7.* Edited by H. G. W. Woodhead, C.B.E., Editor of the "Peking and Tientsin Times." (Tientsin.—London: Simpkin, Marshall, Hamilton, Kent & Co., Ltd. Price, 42s. net.)

*The Town-Planning Handbook, including Full Text of the Town-Planning (Consolidating) Act, 1925.* By Richard Reiss, Chairman of the Executive of the Garden Cities and Town Planning Association. (London: P. S. King & Son, Ltd. Price, 3s.)

*The Widening Retail Market and Consumers' Buying Habits.* Published for the Bureau of Business Research, Northwestern University. (Chicago & New York.—London: A. W. Shaw and Company, Limited. Price, \$3.)

**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	Liston.....	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.

**COMPANY MEETINGS.**

**THE SPIES PETROLEUM COMPANY LIMITED.  
EXTENDED SCOPE OF OPERATIONS.**

The twenty-seventh ordinary general meeting of the Spies Petroleum Company Limited was held on November 26 at River Plate House, Finsbury Circus, London.

The Chairman (Mr. G. Grinnell-Milre) said that the balance-sheet now presented showed the effects of the scheme of reorganisation of capital passed by the shareholders at the meetings of January 18 and February 3 of this year, which was sanctioned by the High Court of Justice on February 3. Under the terms of that scheme the nominal capital of £1,500,000 was subdivided into 15,000,000 shares of 2s. each. The conversion of the issued shares of 10s. each into 2,328,750 shares of 2s. each and the further issue of 4,667,500 shares of 2s. each, and 1s. 3d. per share, with shares issued in payment of commission under the scheme, gave a total issued capital of 7,131,802 shares. The reorganisation reserve account represented the total figure by which as a result of the scheme the company's issued capital had been reduced.

As pointed out in the report, the Russian assets of the company were not affected by the scheme of reorganisation of the capital of the company, which was an internal matter and did not in any way affect the company's claim against the Russian Soviet Government. Their claim, amounting to £3,401,666, was made up on the basis of data obtained on the oilfields in 1919, when an audit of the company's books and inventory in Russia was specially undertaken by a chartered accountant sent out from London. The figures were arrived at as the result of most careful investigations, accompanied by a drastic writing off of all assets in the company's books. The company had been extremely fortunate in being able to support its claim, not upon book entries alone, but upon assets which were identified in detail and proved to exist at that time. He wished to emphasise the fact that the directors were now presenting the shareholders with clean accounts showing all dead expenditure written off, much of which was directly and entirely due to the nationalisation of the company's business. This enabled them to start their new career in the possession of substantial cash resources.

**CLAIM AGAINST THE RUSSIAN GOVERNMENT.**

With regard to the company's claim against the Russian Soviet Government, though the Board had at present nothing to report of an encouraging nature, after seven years of constant watching, resulting in disappointment, they felt, in common with others who had closely studied the position, that the Soviet Government had recently begun to show a disposition to consider foreign claims in a less uncompromising manner than before. They were of opinion that events must have borne in upon that Government the fact that, in order to enjoy the credit facilities in this country of which it had felt and proclaimed a need, it would have to come to a settlement satisfactory to its creditors. The position of companies like the Spies Petroleum, who had important properties in land and buildings in Russia, which they were not allowed to take back or make use of, was somewhat different from that of creditors whose claims were founded upon loans repudiated or defaulted on, and upon miscellaneous indebtedness. While bondholders and creditors who held miscellaneous claims would require settlement by funding operations to repay principal and interest, companies in the position of the Spies Petroleum offered an easy method of settlement by the return of the properties which had been sequestered.

**ADVANTAGES OF RESTORING COMPANY'S PROPERTY.**

By the restoration of the property in Russia which had been financed and worked by foreign owners, the Russian Government would be conceivably released from large claims without making any cash payment, or a relatively small amount, and the very fact of their making such settlements should put them in an entirely different position when seeking that financial assistance abroad of which they now appreciated the necessity. Not only would the Russian Government establish a more satisfactory position in the minds of capitalists of our own and other nationalities, but by enabling this company and other property owners to restart their properties and expand their energies in developing them they would be assisting in rebuilding the industries of Russia, and encouraging the flow of capital into that country to the benefit of Russia and her creditors. He was not endeavouring to persuade the shareholders that such a solution was rapidly approaching, but it was one to which they must continue to look forward. In the meantime, the company had a substantial sum of roughly £160,000 in cash, and were desirous of being put into a position to use this sum, or a part of it, for carrying on good business when such was offered to them.

The report and accounts were unanimously adopted, and the following resolution was carried by a very large majority: "That when investing or making use of capital moneys for initiating or carrying on fresh business, the Board be authorised and requested, having regard to the powers of the company, to entertain a wider field for employment of its funds than was contemplated at the time of the reorganisation of 1926."

**ECONOMICA**

**Contents of NOVEMBER Issue.**

SOVEREIGNTY AGAIN ... ..	C. H. McIlwain
ECONOMIC WELFARE AND FAMILY RESPONSIBILITY ... ..	H. Peat
PHILIP BURLAMACHI: A FINANCIER OF THE THIRTY YEARS' WAR ...	A. V. Judges
A NOTE ON THE AMENDMENT OF THE GERMAN BANK ACT ... ..	P. Barrett Whale
THE WELSH MINT ... ..	Llewelyn Jones
THE ECONOMIC CONDITION OF ITALY	Corrado Gini
JEFFERSON, HAMILTON AND AMERICAN DEMOCRACY ... ..	H. Finer
BOOK REVIEWS AND SHORTER NOTICES.	
SCHOOL NOTES.	

The price of "ECONOMICA" is 2s. 6d. a number or 7s. 6d. per annum, post free. Copies can be obtained on order from any bookseller or from the

**LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE,**

**Houghton Street, Aldwych, W.C. 2,**

to which address subscriptions should be sent.

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



# STATISTICAL SECTION

## THE TRADE BAROMETER

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

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

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

TABLE I.

Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.
1920.			1923.			1925.			April 16	148.1	143.6
Jan. 16	367.9	296.6	Apr. 20	198.5	162.0	Jan. 16	174.8	171.0	May 21	150.2	144.9
May 14	391.2	325.5	July 20	177.3	156.5	Feb. 13	175.2	168.9	June 18	151.7	146.5
July 16	418.8	316.9	Oct. 19	166.0	158.1	Mar. 13	172.8	166.3	July 16	153.9	148.7
Dec. 17	257.0	263.8	1924.			April 17	161.9	162.5	Aug. 20	155.8	149.1
1921.			Jan. 18	178.6	165.4	May 15	158.7	159.0	Sept. 17	152.6	150.9
Jan. 14	244.2	245.9	Feb. 15	187.9	167.0	June 19	160.6	157.6	„ 24	151.5	
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	„ 8	151.5	
Oct. 14	170.2	180.7	May 16	171.2	163.7	Sept. 18	158.3	155.1	„ 15	151.2	150.1
Dec. 16	153.2	167.9	June 20	167.8	162.6	Oct. 16	154.1	153.9	„ 22	149.8	
Dec. 30	150.0		July 18	167.1	162.6	Nov. 13	153.2	153.7	„ 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.			„ 12	152.9	
May 19	162.1	160.6	Oct. 17	172.5	170.2	Jan. 15	151.6	151.3	„ 19	155.0	
July 14	165.1	160.3	Nov. 14	173.3	169.8	Feb. 12	148.4	148.8	„ 26	155.3	
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	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	123.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
1925.												1925.
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926.												1926.
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	... Mar. 26
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. 19 ...	110.8	188.1	60.4†	111.4	61.8	100.0	102.9	119.4	83.4	95.3	103.35	... Nov. 19
„ 26 ...	110.8	187.7	60.4†	111.4	61.6	100.0	102.9	118.6	83.4	98.8	103.56	... „ 26

† 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	„ 17	151.8	101.9	<b>137.8</b>	117.5
„ Aug. 20	80.3	90.4	105.4	93.3	„ June 6	158.2	<b>105.3</b>	128.0	115.3
„ Oct. 29	91.1	92.0	91.7	94.4	„ 27	160.0	104.7	123.7	113.0
1922, Jan. 1	100.0	100.0	100.0	100.0	July 18	165.9	103.2	120.4	115.5
„ May 13	114.6	102.4	114.9	<b>117.9</b>	Aug. 1	165.8	101.5	122.2	115.7
„ Sept. 16	123.8	<b>107.6</b>	115.2	112.5	„ 22	176.2	102.5	126.3	<b>117.3</b>
„ Oct. 7	123.9	106.1	113.3	111.7	Dec. 19	188.9	103.3	130.6	112.8
1923, Jan. 1	121.7	102.5	119.5	113.3	1926, Jan. 2	195.5	103.6	133.3	113.0
„ Mar. 17	129.2	98.5	129.3	117.0	„ 9	196.1	103.6	<b>135.1</b>	113.1
„ 24	127.3	97.8	129.0	118.1	Feb. 3	<b>199.9</b>	104.9	132.0	114.8
„ Apr. 28	124.1	99.3	<b>137.9</b>	122.8	Apr. 17	163.7	106.9	121.8	113.3
„ June 9	119.7	100.8	130.6	<b>123.5</b>	May 18	172.9	107.2	119.5	112.5
„ Oct. 27	105.7	99.7	126.5	119.7	Aug. 14	<b>205.5</b>	106.3	123.9	113.5
1924, Jan. 1	117.4	98.4	121.3	114.5	Oct. 16	181.1	106.6	127.5	111.6
„ 19	119.1	100.1	119.1	112.2	Nov. 20	189.8	107.9	129.3	112.3
„ June 21	115.3	103.3	118.2	118.0	„ 27	192.9	107.9	129.1	112.0
„ Nov. 8	130.1	103.7	<b>133.7</b>	<b>120.4</b>					

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



# SULPHATE OF AMMONIA.

**The Best and Most Economical Form of Nitrogen.**

For prices and advice as to application apply to:—

THE  
BRITISH SULPHATE OF AMMONIA  
FEDERATION, LIMITED,

30, GROSVENOR GARDENS,  
WESTMINSTER, S.W.1.

Cable Address: SULPHAMMO, LONDON.

A.B.C. 5th and Bentley's Codes.

## Beta Naphthol & Salicylic Acid Prussian & Bronze Blues

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

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

Telephone: CITY 3660 and 3661.  
Foreign, "Blangus, London."  
Telegrams: Inland, "Blangus, Thread, London."

BALLOON BRAND