

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. 24.

DECEMBER 10, 1926.

PRICE 1s. WEEKLY

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EDITORIAL, SUBSCRIPTION AND ADVERTISING OFFICES—

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

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

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THE ECONOMIC REVIEW.

Editorial Offices :

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

Telephone : Gerrard 1396.

Subscription Rates (Post free, home or abroad)

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

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COMMENTS

PERHAPS the only feature of real interest in the Report of the Agent General for Reparations (Mr. S. Parker Gilbert) on the second year of operations under the Dawes Plan, which has just been issued, is the general survey of economic conditions in Germany. For most of the figures concerning the actual payment of reparations had already been published at an earlier date, and while the wealth of statistical material to be found in the Report greatly amplifies the value of the data revealed in September, there is nothing very striking in these figures. Even the general survey of Germany's economic life made by the Agent General for Reparations does not convey anything that was not already known to the student of German affairs. But it is interesting in so far that it reveals Mr. S. Parker Gilbert's great optimism with regard to the intricate reparations problem. We entirely agree that the year which has just elapsed "has provided for the first time a test of Germany's capacity to pay and of the capacity of the credit Powers to receive reparations on a substantial scale." However, it is admitted in the Report that the year under survey was in every way an abnormal year, and that therefore it must be judged only in the light of the abnormal conditions that accompanied it. This qualification hardly goes to prove the possibility of continuing the prompt execution of the Dawes Plan if circumstances were to change, i.e. if some of the "abnormal" conditions vanished and their place were taken by others. Thus the Report mentions the great stimulus given to Germany's industries and trade by the Coal stoppage in this country: but this "abnormal" circumstance which proved so beneficial to Germany during the period under review need not necessarily re-occur in the next year. On the other hand other unexpected "abnormal" circumstances might in the future considerably prejudice Germany's economic recovery and expansion. We have repeatedly pointed out in THE ECONOMIC REVIEW, both in these columns and in a number of special articles, that great progress has been achieved by Germany on the way towards the solution of her economic troubles. Only quite recently, upon returning from a visit to Berlin, we drew attention to the great changes that have taken place in that city (THE ECONOMIC REVIEW, November 26, 1926). As we then remarked, there is a very considerable improvement in the economic life of Germany, and through a number of skilfully thought out devices an endeavour is being made to secure further speedy improvement. To mistake the present wave of prosperity, however, for a final recovery by Germany from all her troubles would be a fundamental mistake. There are over 1.3 million unemployed in Germany, and were it not for the effects of the British Coal Strike this figure would no doubt be considerably higher. Perhaps our readers will remember the striking article "Can Germany's Unemployment Problem be solved?" by the brilliant German economist, Professor Julius Hirsch, which appeared in our issue of July 16. In this article, and in a number of others which have lately appeared in the

German Press, Professor Hirsch urges his Government and his fellow-countrymen to take some practical steps in order to solve what is perhaps Germany's most difficult problem, and suggests a scheme for such a solution. Little or nothing has as yet been done in that direction. Curiously enough the Report of the Agent General for Reparations is singularly silent on this point. Yet the unemployment question is just one of the most striking illustrations that in spite of great improvement Germany's recovery is as yet very far from being complete. It is true that Germany has succeeded in somewhat bettering her position as far as international trade is concerned. How much further she will be allowed to travel on that road remains to be seen, and it is questionable whether any of the tariff walls with which she is surrounded are likely to be abolished. Germany's capacity to pay will largely depend on the possibility of expanding her foreign trade, but once again the Report is singularly silent on this point.

THE Council of Foreign Bondholders has received the following notice in regard to the pre-war Austro-Hungarian debts: "The Council of Administration of the Caisse Commune of Holders of Austrian and Hungarian pre-war Public Debts hereby announces that, at its recent ordinary session, it was recorded that the Successor and Cessionary States of the old Austro-Hungarian Empire have effected the payments due from them, during the coming year, under the terms of the Protocol of Innsbruck and of the Accord of Prague. The Council of Administration has therefore decided to recommence the service of the following loans as soon as recouponment has been effected: Hungarian Four per Cent. Gold Rentes; Austrian Four per Cent. Gold Rentes; Hungarian Four-and-a-Half per Cent. Rentes, 1913; Hungarian Four-and-a-Half per Cent. Redeemable Loan 1914; Austrian Four-and-a-Half per Cent. Treasury Notes, 1914; Hungarian Four per Cent. Consolidated State Rentes, 1910. The recouponment of the Gold Rentes will commence as soon as certain formalities now in hand have been completed, and the other loans will likewise be dealt with in the above order as soon as possible, due notice in each case being given in the Press. The new coupon sheets which the Caisse Commune will issue under the authorisation and control of the Reparation Commission will consist of annual coupons, of which the first will cover the payments due in respect of 1925, and also half-yearly coupons to cover arrears which fell due during the period from the date when the Successor and Cessionary States became liable for the services of the loans up to and including December 31, 1924. Once the process of recouponment is effected, the annual coupon will be paid each year, as a rule, in the month of February. Nevertheless, as an exception, and in view of the special arrangements contained in the Prague Agreement, the coupon belonging to the year 1926 is expected to be paid in May 1927. Special notice will be given of the payment of the half-yearly coupons for arrears which are due to be met by payments spread

over the twelve years from 1926 to 1937, both inclusive."

It is understood that the negotiations for the Bulgarian refugee loan have terminated satisfactorily, and M. Vladimar Moloff, the Bulgarian Minister of Finance, has returned to Sofia. In a conversation with *Reuter's* correspondent before leaving, M. Moloff is reported to have expressed his satisfaction and delight with the way in which the matter had been treated, and with the great support accorded by the Bank of England and the British Government. The three firms who acted for Bulgaria as bankers before the war will act again on this occasion. They are Messrs. Schroeder and Co., the Ottoman Bank, and Messrs. Stern Bros. The amount of the loan is to be £3,100,000 nominal and the rate of interest 7 per cent. According to present arrangements, the issue price will be 92, and the issue will be made at the end of December. It was arranged by the League of Nations that the loan should yield a net sum of £2,250,000, but in consequence of certain demands made by the French Government regarding Bulgarian Treasury Bonds issued in 1912 and 1913, which will be paid off as well as some other outstanding debts, the total amount of the new loan reaches a higher figure. Of the loan about 4,500,000 dollars will be issued in America and £250,000 in Holland, while Swiss and Italian houses will also participate in the issue. The loan agreement is subject to the ratification of the Bulgarian Parliament, and upon that depends the date of issue.

A NEW effort to stabilise Brazilian currency and to place it on a sound basis is made in a Bill which was recently placed before and provisionally approved by the Chamber of Deputies. The project is to stabilise the present paper milreis at a gold value of sixpence by creating a new gold unit to be known as the *Cruzeiro*, weighing 800 milligrammes, 900 fine. Each *cruzeiro* will be equal to four paper milreis, and at the new gold rate the present currency will require a gold reserve of £60,000,000. A Stabilisation Office is to be created, having branches in London and New York, and its business will be to receive gold and to buy and sell exchange at a fixed rate. If the scheme is finally approved by the Chamber it will come into force six months hence. It was hoped at one time to be able to stabilise the milreis at a higher figure than sixpence, but the commercial troubles which followed the rise in the exchange to nearly eightpence in June last have been so serious that it has been considered advisable not to pursue a policy of deflation, but to stabilise the milreis at approximately its present figure. Stabilisation at sixpence will mean that British capital invested in the country cannot recover what it has lost on the exchange, unless, of course, a later stage sees stabilisation at a higher figure. Of this the chances are remote, although the unexpected might easily happen in this country. Meanwhile the cost of meeting Brazil's foreign debt will be very much higher than when the various loans were contracted. No doubt this aspect of the problem has been considered by the Brazilian authorities, who feel themselves equal to the task of shouldering a greater burden of foreign indebtedness.

MR. R. G. HAWTREY, Assistant-Secretary to the Treasury, addressed the Commerce Society of the London School of Economics last Tuesday evening on "The Financial Situation of France." Prefacing his remarks with the statement that he was speaking only in his personal capacity, Mr. Hawtreay reviews French financial history during the past twelve years. He pointed out that very little taxation was imposed in France during the war, nor was a long term loan raised until the war had been in progress for fifteen months. Then inflation was resorted to, and the result was that the franc had to be kept up artificially by enormous

loans granted by England and America. Inflation continued, however, until the spring of 1920, when it looked as if France was toppling over into the abyss. The rot, however, was stopped by various measures, which included, for the first time, the imposition of some really sound taxation. The present crisis, according to Mr. Hawtreay, began in 1925, when the French Government found they could not get the people to renew the floating debt. All the troubles in France in 1925 and during the present year were due to the fact that no Government could be found to merit the confidence of the Senate. That difficulty was not surmounted until the present Government under M. Poincaré was formed. The question was, What measures ought to be taken now? Mr. Hawtreay thought the franc ought to be "pegged" to prevent it rising above a safe point. Regarding the stabilising of the franc, he said that an objection was often made that the Bank of France could hardly accumulate enough to make the franc safe, but, Mr. Hawtreay went on to point out, such an objection overlooked the fact that in France there was a gold reserve of £146,000,000 which remained untouched. It was kept for a time of difficulty and emergency, and surely that time had come. By the use of that gold reserve the franc could be "pegged" at about 150 or possibly at a much better rate. The solution was a simple one. Not only now, but for some time past, the door had been open—the use of the gold reserve to "peg" the franc, by means of which fluctuation could be stopped and confidence regained. The Government had ample power to act, but there did not appear to be a clear view as to which party ought to prevail, and it remained to be seen how much courage and wisdom the powers of France would be able to bring to the problem.

MR. H. A. F. LINDSAY, H.M. Trade Commissioner for India, on Monday last gave the second and concluding lecture to the London Polytechnic on the present position of Indian Trade. In the course of his remarks he had some observations to make on post-war recovery which were of more than passing interest. He said that from the discussions at Geneva, where he himself had been in attendance, one cardinal fact emerged. Any diagnosis showed that the most deep-seated cause of economic ills to-day was the lack of confidence on all sides. Side by side with all the various individual factors, the root cause was price fluctuation. People talked of the effects of high taxation, exchange depreciation, and so on, but these only accentuated fluctuations of price, as was shown, for instance, in the jute, cotton and shellac markets. Such fluctuations undermined confidence in all directions. The producer did not know what the price he was going to get for his goods would be from month to month, and the consumer was unable to tell what prices he would have to pay. The consequence was that the London market was operating with much smaller stocks than was the pre-war custom, while no middleman dare purchase for stock so long as he had no confidence in future prices. The pre-war stocks were not necessarily individually large, but they were large in the aggregate. The producer produced for stock and the consumer bought for stock. At the present day, owing to the reduction in stocks, the producer and the consumer were in too close quarters. Thus a vicious circle was established; the absence of stocks encouraged price fluctuations, and these fluctuations, in their turn, coupled with lack of confidence prevented the accumulation of stocks. Mr. Lindsay also showed that a wide gap developed after the war between the prices which India obtained for her exported products and the prices she had to pay for imported manufactures. As recently as 1924-25 the export index number, taking 1913-14 at 100, was 154, as compared with 180 for imports. Only in the last financial year did the two figures, 152 for exports and 158 for imports, draw closer together, indicating thereby a return to more normal trade conditions.

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 WORLD'S MOTOR INDUSTRY.

By E. S. VON OELSEN, C.E.

In view of its undeniable importance the motor vehicle calls for exhaustive examination not only from the purely technical standpoint but also from the standpoint of the statistician. Only by accurately collating the available statistical data will it be possible to obtain a clear idea as to the economic necessity of motor vehicles. Thirty years ago, when the motor car was still in its infancy, many people no doubt speculated as to the future of the new vehicle—while to-day . . . ? To-day it is impossible to imagine the streets of a great city without motor vehicles. And this is less than 30 years!

Although the motor industry has been in existence for a quarter of a century, the lack of official statistical data from the countries concerned make it impossible accurately to trace from the very beginning the evolution of the industry in the producing countries and the number of vehicles in existence throughout the world. Only the statistics of the last few years can serve the purposes of this enquiry, although more exact data are available in respect of one or two countries. In dealing with the world's production it is proposed to give at the same time a clear idea of the position in the most important of the producing countries.

In 1925 the total world-production had already reached the imposing figure of 4,800,321 motor cars and motor lorries. Motor vehicles are produced in some 14 countries. The most important are the United States, France, Great Britain, Canada, Germany and Italy. To this grand total the proportion contributed by other countries was only 17,000 vehicles.

THE WORLD'S OUTPUT IN 1925*.

Country.	Motor Cars and Lorries.
1. United States	4,175,365
2. France	177,000
3. Great Britain	176,197
4. Canada	161,389
5. Germany	55,000
6. Italy	39,573
7. Belgium	5,400
8. Czechoslovakia	5,000
9. Austria	4,800
10. Spain	473
11. Switzerland	450
12. Hungary	329
13. Sweden	270
14. Denmark	75
World's total	4,800,321

* According to statistics issued by the National Automobile Chamber of Commerce, New York.

The above table incontestably establishes the overwhelming predominance of the United States. Their production alone amounts to 87.50 per cent. of the world's output. Next come the two European countries, France and Great Britain, with an output amounting to 3.68 and 3.67 per cent. respectively. Canada takes fourth place with 3.50 per cent. and only then comes Germany with an output of 55,000 vehicles or 1.2 per cent. of the world's production. This figure is no doubt a rather conservative estimate, for several competent authorities in Germany have estimated the German output for 1925 at as high a figure as 90,000 vehicles. Before very long the first official post-war figures for the year 1925 will be available, and it is hoped that these will give a more favourable indication of the German output.

As regards the United States, statistics of production covering a period as far back as the year 1895 are available. It is probably also the only country that publishes such detailed statistics concerning motor vehicles. The reasons for this are, no doubt, sufficiently obvious. In 1895, according to American statistical documents, an output of 4 vehicles was recorded. Ten

years later, in 1905, an output of 24,550 motor cars and 450 motor lorries was already reached. In 1909 the first hundred thousand and in 1916 the first million of annual production were exceeded. In 20 years the motor vehicle had made such headway that it was possible to attain an output of 1,617,708 motor cars and motor lorries, while the number of registered vehicles in existence had already reached the imposing figure of 3.3 million.

The maximum output was attained in 1925: 3,839,302 motor cars and 497,452 motor lorries, making a total of 4.3 million motor vehicles. The available reports regarding this year's monthly figures show that the annual production figure has not yet reached its maximum. In the 30 years of American automobile manufacture there were only three in which a decrease in production was recorded, namely 1918—38 per cent., 1921—25 per cent. and 1924—11 per cent., as compared with the previous year in question. Calculated on a per centual basis the annual increase varied greatly. In 1904 and 1909 the increase was 100 per cent., whereas in 1905, 1911, 1914, 1917, 1920 and 1925 the increase was only from 11 to 18 per cent.

OUTPUT OF MOTOR VEHICLES IN THE UNITED STATES.

Year.	Motor Cars.	Motor Lorries.	Total.
1895 ...	4	—	4
1900 ...	5,000	—	5,000
1905 ...	24,550	450	25,000
1910 ...	181,000	6,000	187,000
1911 ...	199,319	10,655	209,974
1912 ...	356,000	22,000	378,000
1913 ...	461,500	23,500	485,000
1914 ...	543,679	25,375	569,054
1915 ...	818,618	74,000	892,618
1916 ...	1,525,578	92,130	1,617,708
1917 ...	1,740,792	128,157	1,868,949
1918 ...	926,388	227,250	1,153,638
1919 ...	1,657,652	316,364	1,974,016
*1920 ...	1,883,158	322,039	2,205,197
*1921 ...	1,514,000	147,550	1,661,550
*1922 ...	2,406,396	252,668	2,659,064
*1923 ...	3,694,237	392,760	4,086,997
*1924 ...	3,243,285	374,317	3,617,602
*1925 ...	3,839,302	497,452	4,336,754

* Including Canada's output.

How important the motor industry is to the United States is shown by the following figures: In 1925 312,240 motor vehicles to the value of 355 million dollars were exported, this item taking third place in the total exports of that year. The capital invested in the automobile industry amounted, in 1925, to 1,888 mill. dollars. The expenditure in salaries and wages was 650 mill. dollars, while the number of persons employed was 361,442.

The number of workers in the different branches of industry which are connected directly or indirectly with automobile production, in 1925 alone, was 3.5 million. In the automobile trade about 48,500 persons were engaged. Raw materials, of home production, to the value of 9,362 mill. dollars were used in the manufacture of the (nearly) 4 million motor vehicles, in the said year. The various taxes, etc., paid to the State and to municipal institutions amounted to 667 mill. dollars.

The number of motor cars and motor lorries registered in the United States is steadily increasing. In 1900 about 8,000 vehicles were registered; in 1905 the number had already increased to 78,000. The first hundred thousand was recorded in 1906. In 1913 the first million was reached (1,194,262 motor cars and 63,800 lorries), and since 1914 the number has increased from million to million. In 1922 10.9 million cars were registered, in 1923 13.5 million, in 1924 15.5 and in 1925 17.5 million. The goods-carrying vehicles also reached a considerable figure. In 1925 the number registered was 2.4 million, as against 1.0 million in 1920.

Canada's motor industry is closely connected with that of the United States, as nearly all the factories

are subsidiary companies of American concerns. Since 1920 the output of the Canadian factories has been incorporated in the U.S. statistics. From 1904-1925 Canada had produced a total of 1,102,202 motor vehicles to the value of 848 mill. dollars. The yearly variations in the output figures depended entirely on the U.S. production, the curves being almost identical. In 1925 Canada had 11 factories, with a capital of 74.7 mill. dollars, in which 10,301 workers and employees were engaged. In salaries and wages 17.2 mill. dollars were disbursed. The amount spent on material was 74.2 mill. dollars, while the total value of the output was 110.8 mill. dollars. Of the 161,970 motor vehicles produced in 1925 74,151, valued at 33 mill. dollars, were exported, while the number imported was 14,632, valued at 14.6 mill. dollars. In addition to these vehicles Canada imported, mainly from the United States, motor-vehicle parts to the value of 20.7 mill. dollars.

The 1925 output of motor vehicles in Europe was only 9 per cent. of the total world-production. France and Great Britain produced the largest proportion—177,000 and 176,197 respectively, whereas Germany with an output of 55,000, Italy with an output of 39,573, and the other producing countries, whose proportion was 16,797 vehicles, together produced only 65 per cent. of France's output.

In 1914 France produced about 145,000 motor vehicles. In the following year she was able to increase her output by 22 per cent. The number of vehicles exported in 1924 was 48,127 valued at 1,510 mill. francs, and in 1925 61,471 vehicles to the value of 2,100 mill. francs approximately were exported. In these two years the exports in question amounted to 33.2 per cent. and 34.7 per cent. respectively, of the output. The number of vehicles imported in the said two years was 14,367 and 16,366 respectively, which together with the output remaining in the country indicated an increase of 29.3 and 27.8 per cent. respectively in the existing number of vehicles. Thus, on January 1, 1926, France had at her disposal a stock of 735,000 motor vehicles.

Great Britain's production of motor vehicles in 1924 was about 134,000—the output of 17 factories. The following year showed an increase of 24 per cent. Exports in the respective years amounted to 11.7 and 16.5 per cent. of the output, and were valued at approximately £5 mill. and £7.5 mill. respectively. Last year the imports exceeded the exports. In 1924 about 27,000 vehicles to the value of £4.7 mill. were imported and in 1925 about 50,000 to the value of £8.5 mill. On January 1, 1926, the existing number of vehicles had nearly reached the first million. The increases for 1924 and 1925 were 19.9 and 17.1 per cent. respectively.

Owing to the war and its far-reaching after-effects, the German motor industry was checked in its development, to the advantage of the other producing countries. Only in the last two years was it possible to attain the maximum increase in the output figures. Taking the official pre-war figures as a basis, it will be seen that the German industry has also made rapid progress.

GERMANY'S AUTOMOBILE OUTPUT.

	1901.	1903.	1907.	1908.	1909.	1910.	1911.
Motor Cars ...	845	1,310	3,491	4,142	6,882	8,578	10,319
„ Lorries	39	140	396	415	636	790	1,373
Chassis ...	—	—	1,264	990	2,126	3,745	5,247
Total ...	884	1,450	5,151	5,547	9,444	13,113	16,939

CARS AND LORRIES (IN THOUSANDS).

Continent.	1922.		1924.		1925.		1926.	
	Number.	%	Number.	%	Number.	%	Number.	%
America ...	13,077.3	89.50	16,045.0	88.60	18,757.9	87.09	20,985.2	85.81
Europe ...	1,229.3	8.42	1,665.8	9.19	2,147.8	9.99	2,679.5	10.96
Australia ...	142.2	0.97	180.8	0.99	282.3	1.34	416.1	1.70
Asia ...	106.9	0.74	137.4	0.77	180.4	0.85	225.2	0.92
Africa ...	55.4	0.37	80.1	0.45	158.7	0.74	148.2	0.61
World's total ...	14,611.1	100.00	18,109.1	100.00	21,507.1	100.00	24,454.2	100.00

In the above table the figures from 1907-1911 also comprise motor cycles, the number of which, however, has no appreciable influence on the total.

As stated at the outset, no reliable data as to Germany's output in the post-war period are available, so that an American estimate must serve for the time being. According to this estimate, the output in 1924 was about 18,000 vehicles. The output for 1925—55,000 vehicles—shows an increase of 20 per cent., a figure reached by no other country. This is a favourable sign for the development of the German motor industry, which has now, no doubt, safely passed through its most difficult period. From 1924 to 1925 the number of motor vehicles exported increased from 2,310 to 2,548, an increase of 10.3 per cent. As the absolute increase in the existing stocks of motor vehicles from 1924 to 1925 was 103,000 or 46.8 per cent., Germany's own extensive requirements had to be covered by imports. In 1924 Germany imported 5,756 motor vehicles to the value of 36 mill. Reichsmarks. In 1925 a further increase to 12,002 vehicles to the value of about R.Mk.71.4 had, unfortunately, to be recorded.

Of the other European countries Italy and Austria had also a considerable automobile industry. The Italian industry has shown no substantial development during the last few years. In 1925 39,500 motor vehicles were produced, as against 35,000 in 1924. A considerable number of vehicles was exported. As regards the ratio per cent. of the exports to the output, Italy took precedence of all other countries. In 1924 about 19,000 vehicles to the value of 88 mill. gold lire, or 54 per cent. of the output, were exported; in 1925 the number increased to about 29,000 to the value of 135 mill. gold lire, or 73.4 per cent. of the output. In spite of this high export figure, the number of registered vehicles during the period 1924-1925 rose from about 100,000 to 115,000—an increase of 14.7 per cent. The reason therefore is to be found in the increased imports, which in 1925 reached the figure of 4,800.

The Austrian automobile industry has, perhaps, suffered more severely than any other country in Europe from the effects of the war. In 1905 Austria was able to show a yearly output of some 300 vehicles. In 1925 the output was only about 4,800 cars and lorries. Nor was there any upward movement to be recorded in respect of the existing stock of vehicles, which numbered, on December 31, 1925, 11,200 cars and 5,850 lorries.

The foregoing statements are summarised below, in tabular form, so as to give a clear idea of the position of the industry.

AUTOMOBILE PRODUCTION AND EXPORT.

Countries.	1924.		Ratio % of exports to output.	1925.		Ratio % of export to output.
	Output.	Exports.		Output.	Exports.	
United States	3,485,022	178,732	5.1	4,175,365	302,924	7.2
France ...	145,000	48,127	32.5	177,000	61,471	34.7
Great Britain	133,811	15,642	11.7	176,197	29,053	16.5
Germany ...	18,000	2,310	12.8	55,000	2,548	4.6
Italy ...	35,000	18,988	54.2	39,573	20,041	73.4

America can show the largest number of motor vehicles, but it appears that her proportionate percentage in the world's stock of motor vehicles is slowly diminishing. In the Old World a steady increase is to be observed—a fact which indicates noteworthy progress as regards Europe.

The world's stock of motor vehicles as distributed among the individual continents, in the last few years is shown in the following table:—

The progress of the motor vehicle will be evident if we consider the ratio of the said vehicle to the number of inhabitants and the total area of the countries in question. Since 1922 the number of inhabitants to one motor vehicle has considerably decreased throughout the world. In 1922 there was one motor vehicle per 123 inhabitants; at the beginning of 1926 the number was only 73. In 1922 there was one motor vehicle to 8.93 sq. kilometres; in 1926 this area was reduced to 5.33 sq. km. The greatest progress is shown, on the one hand, by the United States, the ratio being, in 1926, one motor vehicle per 5 inhabitants and, on the other hand, by Great Britain where there are 4 motor vehicles to the sq. kilometre.

Country.	Area.	Existing stocks of motor vehicles in 1926.	Number of inhabitants to one motor vehicle.	Motor vehicles per 1 sq. km.
1. Great Britain ...	228,197	903,021	47	4.0
2. Belgium ...	30,440	92,713	82	3.0
3. United States ...	7,839,004	19,843,936	5	2.5
4. Holland ...	34,201	56,300	122	1.8
5. Denmark ...	43,017	60,320	54	1.4
6. France ...	550,986	735,000	53	1.2
7. Switzerland ...	41,298	37,400	104	1.0
8. Danzig ...	1,914	1,482	246	0.8
9. Germany ...	467,788	323,000	193	0.7

Germany takes 17th place with 193 inhabitants to one motor vehicle and 9th place with 0.7 vehicle per sq. km., so that there is still room in Germany to the extent of 1.43 sq. km. per vehicle. According to the last returns, 7 countries have already more than one motor vehicle to the total area unit.

SHARES WITH RIGHT TO PLURAL VOTING IN FRANCE.

By PAUL APOSTOL.

The Government has been given notice of an interpellation in the Chamber of Deputies with regard to the abuses resulting from the issue of shares with right to plural voting. It may be as well to explain the meaning of the term. Besides ordinary shares giving a right to one vote each, preferred shares are issued from the point of view of voting, each vote, for instance, conferring a right to ten, twenty, forty or other number of votes. These are cases in which an ordinary share only gives right to a fraction of a share and in which the preference shares, again from the point of view of voting, carry right to one vote or to several.

What are the reasons which give rise to the issue of shares with right to plural voting? They may be said to be of three kinds. *First*, there are founders who bring assets in kind into a company on the one condition that they retain the management of the business in their own hands; for instance, an inventor who forms a company for the purpose of exploiting his invention, but wishes to manage the working of the business. *Secondly*, by reason of the very nature of its business, a company can sometimes only be managed by certain persons or certain institutions. For example, provincial banks establish a central agency in the capital of the country, issue shares in that agency, but wish to retain the management of the business without being compelled to contribute the larger portion of the capital of the agency. Or take another example: a company may do bad business, and persons who may be prepared to supply fresh capital to put it on its feet again will only do so on condition that the new issue assures them the control of the business. In Germany the big banks secure control of other concerns in which they are interested by the system of shares with right to plural voting. They have even framed a special institution, *Die Bank für Industriewerthe*, to keep watch over all the multiple-vote concerns in which they are shareholders. Again, the case may present itself of a company about to create subsidiary joint stock companies anxious, while attracting fresh capital to the latter, to keep the control in its own hands. And *thirdly*, there is the case which particularly concerns

us at the present moment, that of the issue of shares with plural votes with the specific object of preventing foreigners obtaining control of a business belonging to nationals. A typical example is that which occurred in Germany at the time of the collapse of the mark. Shares experienced such a slump on the German Stock Exchanges that, according to calculations made at the time, the total of the German dividend-paying shares quoted on the Berlin Bourse could have been bought for the sum of five hundred million francs gold. Foreigners made a rush then for these German shares, and the country was faced with the danger of its greatest national business passing into the hands of foreigners. That was the moment when Germany protected herself by having recourse to the issue of shares with plural votes, thus securing for her nationals the control of businesses the majority of the shares in which had passed or were in danger of passing into the hands of foreigners. The Aniline Dyestuffs Trust was the first to apply the system, but about 1923 well-nigh half of the German companies had followed its example.

In France it was this same danger in respect of the leading banks and industrial enterprises that induced large limited liability companies to adopt the system of shares with plural votes and thus compelled the attention of the public and of Parliament. The first French law on joint stock companies did not touch on the right of issue of preference shares from the point of view of the right to vote. But the Act of November 16, 1903, which amended the Commercial Code, recognised the legality of shares with right to plural voting. Article 34 of the Commercial Code as amended states: "Except for any provisions to the contrary in the articles of association, shares at general meetings have a right of equal vote." Consequently special provisions incorporated in the articles of association can confer a right to the plural vote on a special category of shares. In practice, shares with a right to plural votes were unknown in France before 1911. In the course of that year the Société des Banques de Province made an issue of shares to the public, and wishing to secure the management of the business to the provincial banks that founded the company it issued a special category of shares with plural votes which were subscribed by these banks. Up to the time of the war the Société des Banques de Province was the only undertaking in France that had adopted the system. But it was chiefly in 1926, in view of the continued depreciation of the franc and of the danger of foreigners getting hold of the majority of the shares in the big French enterprises that it really made headway.

In a previous article in THE ECONOMIC REVIEW, dealing with the question of the lack of agreement between the real value of the shares in big banking and industrial enterprises in France and their quotations on the Bourse, we pointed out that in certain cases, as for example in that of the Crédit Lyonnais, the balance-sheets do not reflect their exact position, because the value of real property is entered there at its pre-war price, and because on the assets side the value of the securities belonging to the foreign branches is not sufficiently taken into account. A large number of French companies have expanded, not by issues of shares, but by issues of debentures. The capital thus obtained has been invested in plant, real property, etc., the value of which has not diminished, while the indebtedness of companies represented by the debentures has been greatly reduced by reason of the fall in the rate of the franc and of its reduced power of purchase. Since that article was written the rates of French bank and industrial shares have further depreciated. The danger of the shares of French companies being bought up by foreigners is therefore very real and very great. As in Germany, the first company in France to adopt the system of shares with plural votes was a chemical products company. On September 8, 1925, the Société Kuhlmann, a chemical products company, decided at an extraordinary general meeting to increase its capital

from 180 to 190 million francs by a new issue of 100,000 shares of Fr.100, each share conferring a right to ten votes. Consequently the old Fr.250 shares of the company are entitled to 720,000 votes, while the new ones are entitled to a million. The new shares are registered shares, and are only transferable subject to the approval of the Board of Management of the company. The new shares are open to subscription by any shareholder who is a holder of registered shares. On September 20, 1926, another big French company, the Compagnie des Produits Chimiques et Electro-métallurgiques d'Alais, Froges et Camargue (better known as the Société Pechiney) issued 16,000 new shares. The old shares only gave a right to one vote for every twenty shares, up to a total of 600 votes. The new shares give a right to one vote per share, without any limitation of the number of votes. The old shares, therefore, represent 20,000 votes, and the new ones 16,000. The new shares are reserved for subscribers of French nationality; they are registered, and can only be transferred with the approval of the Board of Management of the company. Seeing that this issue of new shares was intended to guard against circumstances of an exceptional character, the Société Pechiney resolved that another extraordinary general meeting, to be called in 1920, should decide whether these new shares are to be maintained or bought back. Lastly, for the same reasons and in particular to guard against the danger of foreign control, the Crédit Lyonnais, at an extraordinary general meeting on September 24, decided to increase its capital to 255 million francs by an issue of 10,000 shares of Fr.500 with plural votes, these new shares to be issued as and when the Board of Management may deem it advisable. The new shares give a right to three votes each at any ordinary general meeting, and to six votes at an extraordinary general meeting, while the old shares only give a right to one vote for every ten shares. Again in view of the exceptional circumstances which led to the production of these new shares, the Board of Management has reserved to itself until 1946 the right to proceed with the compulsory repurchase of these shares whenever it may deem it advisable, by appropriations from profits or from the reserve fund.

The issue of shares with a right to plural votes is a useful and effectual measure when it is a question of preventing foreign control of great national enterprises, as in the case of the Société Kuhlmann, the Société Pechiney and the Crédit Lyonnais. But this system, by securing the control of these enterprises to shareholders who only contribute an insignificant amount of the capital of the company, may easily lead to abuses. The report recently submitted to the Chamber of Deputies by M. Lesaché quotes numerous cases of such abuse. Thus speculators with a capital of 4 millions succeeded in getting into the position of being able to control businesses with 180 millions of capital; in another case a group of 3,000 shares with privileged voting power controlled more votes than 180,000 ordinary shares. The danger of an abusive use of shares with the plural vote has led to the introduction in the Chamber of various Bills with a view to regulating the system of issuing shares with special privileges in respect of the vote. On the other hand, as we have already mentioned, the Government is to be interpellated with regard to the question.

The deputy, M. Jean Perinard, in an article in the *Agence Economique et Financière*, has drawn attention to the dangers to the general economic system of the country and to the future of national thrift likely to arise from an abuse of the issue of shares with plural votes which would allow of the small shareholders being crushed by the large. "When the thrifty, realising that too often they are unable to exercise over the companies to which they have contributed their capital their imprescriptible right of control, they will," says M. Perinard, "take a dislike to investments in transferable securities which cannot but prove detrimental to business of the most useful and genuine type."

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A Monthly Review

Published on the 1st of
Every Month.

Publishing Offices: 25, Havlickovo nam. Prague II.

Annual Subscription, including postage, 10/—.

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ECONOMIC SURVEY

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

CZECHOSLOVAKIA

FINANCE

The National Bank of Czechoslovakia.—After the foundation of the Czechoslovak State, the functions of a bank of issue were carried on by the Banking Office of the Ministry of Finance, which had been established in accordance with the Ordinance of March 16, 1919, and by the subsequent Act of April 10 and the Ordinance of May 12, 1919. According to these regulations the circulation of State bank-notes could be extended only on the basis of a full commercial cover. The Banking Office was not permitted to grant loans to the Government. Soon the establishment of a bank of issue came into consideration, and in connection with this the Act of April 14, 1920, was passed and later altered by an amendment of April 23, 1925. The National Bank began operations on April 1, 1926, by taking over the functions of the Banking Office, which ceased its activities on the same date. No alteration of the monetary system and no change of the monetary unit were connected with the establishment of the Bank. Of great importance, however, is the fact that by establishing the National Bank the provision contained in the previously mentioned amendment of the Act dealing with the bank of issue became valid, and the Bank therefore became charged with the duty of retaining at the previous two years' level the relation of the Czechoslovak krone to sound foreign currencies. The explanatory report accompanying this provision stated the level of such relation to be C.Kr.100 = \$2.90-3.03. According to the law the Czechoslovak currency is established from the establishment of the Bank of Issue, even when the Act itself does not give a strict definition of the currency in relation to gold or any other currency..

The National Bank of Czechoslovakia is a joint stock bank, which has been granted for fifteen years the privilege of issuing bank-notes. The share capital amounts to \$12,000,000, and can be increased to \$15,000,000. The nominal value of the shares is \$100. The State took over one-third of the capital. The administration of the Bank is entrusted to a Board presided over by a Governor whom the President of the Republic appoints for a period of five years. The Bank Board consists further of six members elected by the general meeting, and of three members appointed by the President of the Republic on the advice of the Government. From the elected members the President appoints a Vice-Governor. The Bank Board may co-opt a tenth member who, contrary to other members, need not be a Czechoslovak subject. The general meeting elects for a period of five years an Audit Board consisting of five members, the president of which is appointed by the Governor. The State maintains supreme control through a Government Commissioner selected from the officials of the Ministry of Finance and appointed by the Government. The Government Commissioner is bound to oppose any resolution of the Bank contrary to the law, the Statutes and the interests of the State, and in such case to stay the execution of such resolution. Should no agreement be reached between the Bank and the State the decision is left to a Court of Arbitration of five members, the Bank and the Government each appointing two, who then elect a president. The general meeting is attended by shareholders possessing ten shares at least, and everyone present is unconditionally entitled to one vote only. At the general meetings the State votes, on behalf of its shares, through a single plenipotentiary appointed by the Ministry of Finance.

The Act defines the duties of the Bank as follows. The Bank is charged to look after the money circulation

and its due operation in the State, after the granting of credits to commerce, industries and agriculture, after the establishing of clearing-houses and the organisation and concentration of State revenues and funds. The Statutes of the Bank limit the transactions to which the Bank is entitled. In particular the Bank is authorised to discount bills arising from actual trade transactions, payable within ninety-two days, further securities and dividend warrants payable within three months, and loans on collateral; to receive deposits on drafts or other certificates; to receive deposits on current accounts; to undertake the collection of bills, cheques, bonds, securities, savings books, etc.; to act as subscription office for State loans or for other securities, and to transact, on commission basis, purchases and sales of securities and specie; to buy and sell foreign bills and cheques; to buy and sell foreign and commercial gold and silver specie as well as paper currency; to buy and sell gold and silver bullion. The Bank is prohibited from granting any direct or indirect loans to the State. The Bank Act stipulates even now a minimum metallic reserve. In the first year of the Bank's activity this reserve must amount to at least 20 per cent. of the total bank-note circulation, to which obligations payable on sight must be added, but the debt represented by the State notes must be deducted. This minimum reserve increases yearly by 1 per cent. until it reaches 35 per cent., and besides precious metals it is composed of bank-notes and bills in sound foreign currencies, as well as of foreign coins of legal tender. Should this stipulated reserve be reduced, the Bank is bound to pay, while such reduction continues, the difference between the actual and permissible bank-note circulation, the rate of this tax being equal to the discount rate, with an addition fixed according to the extent by which the reserve decreased. If the difference between the actual and the stipulated reserve is not more than 2 per cent., the addition amounts to 1 per cent.; for each further 2 per cent. reduction the addition rises by 1½ per cent., regardless of whether the last stage exhausts the whole 2 per cent. The rate of this tax, however, must never be less than 5 per cent. (*Narodni Banka Ceskoslovenska Bulletin*, October.)

Activities of the Postal Cheque Office in Prague.—The following statistics, published in the October issue of the *Narodni Banka Ceskoslovenska Bulletin*, give an idea of the development of the activity of the Postal Cheque Office in Prague during the first six months of the present year, in comparison with 1925. At the end of last year the total number of people who had accounts with the Postal Cheque Office in Prague was 87,482, and their credit balance amounted to C.Kr.2,057,164,590.58. The development during the first six months of the present year is shown in the following table:—

	No. of people having an account.	Their credit balance. (In Czechoslovak kronen.)	Total turnover.
January ...	87,928	1,923,557,882.87	14,849,948,665.83
February ...	88,287	1,880,598,508.31	13,678,918,595.36
March ...	88,768	1,762,069,659.70	14,607,611,617.35
April ...	88,930	1,719,273,498.48	14,197,348,860.72
May ...	89,000	2,077,088,597.65	13,705,915,623.93
June ...	88,153	2,142,585,344.41	13,130,569,057.86

The total turnover in the first quarter of 1926 amounted to C.Kr.43,136,478,878.54 as against C.Kr.42,224,871,668.09 for the first quarter of 1925, while the total turnover for the second quarter of the present year amounted to C.Kr.41,033,833,542.51 as against C.Kr.39,174,016,851.45 for the corresponding period of last year.

The Proposed Post Office Savings Bank.—The question of establishing a Czechoslovak Post Office Savings Bank is now approaching the stage of actual

solution. The Postal authorities are drafting a Bill extending the activities of the Postal Cheque Department to the acceptance of savings deposits and strictly defining the Department's sphere of operations in this direction. In the *Central European Observer* of October 22, Dr. Karel Trapl, President of the Postal Cheque Department, gives an interesting exposition of this project. The Postal Cheque Department was inaugurated in 1918 in order to take over in the new State the functions up to then performed by the Austrian Postal Savings Bank in Vienna. Its most pressing task was to organise the postal cheque system (which, as is well known, is an outstanding feature of the methods of payment in the majority of Continental States) with the object of facilitating the circulation of money in the territories of the new State. The enactment adjusting the activities of the Postal Cheque Department organised it in principle on the lines of the Vienna Postal Savings Bank, with the exception that the acceptance of savings deposits was postponed to a later date. This is now to be accomplished under the new enactment that is being drafted.

This Post Office Savings Bank organisation, however, differs considerably from that of English savings banks. Not that there will be any great difference in the system of acceptance of deposits—for which the English savings banks are admittedly the model—but the scope of the activities of the Czechoslovak Post Office Bank will be a much more extensive one. It will occupy itself not only with taking charge of savings and propagating thrift among the masses as one of the foundations of the nation's welfare, but it will also be an organ to undertake numerous other financial and economic functions which are imposed upon the State as the guardian of the public interests. Besides the system of postal cheques already referred to, these functions will include the State deposit service, as conducted by the State institutions in the countries of Western Europe which have charge of property for which the State is responsible, apart from the actual funds of the State Treasury. It will be the duty of the Post Office Savings Bank to invest, on lines laid down in the new enactment, all surplus sums in its books over and above the amounts required to be held ready at the disposal of depositors and of holders of postal cheque accounts. These surplus funds may be invested by the Post Office Savings Bank more especially in Government and other public securities or in loans on such securities. Furthermore they may be used in support of trade credits, either by way of rediscount of the already discounted commercial bills of ordinary banks, or as direct deposits with banks, savings banks, and provincial credit institutes that offer adequate security as to the use that will be made of the money. The Post Office Savings Bank will finally be permitted to indulge in banking transactions connected with the activities just mentioned, for example in the purchase and sale of stocks and shares on customers' account, and acceptance of such on safe deposit, etc. By investing the major portion of its surplus funds in Government securities and by undertaking transactions in these securities on customers' account the Post Office Savings Bank will become the guardian of the State interests in the investment stock market, the stability of which is such an important factor for State credit.

These duties have been performed since the establishment of the State by the Postal Cheque Department. If this body is now, on its conversion into a Post Office Savings Bank, to be given the right to accept and administer savings accounts, it will extend its fundamental activity and be able to fulfil its duties as above outlined in more effective manner, while, on the other hand, the State will place itself at the head of the thrift efforts of the broad masses, and supplement the work of the State financial institutions which occupy themselves with encouraging thrift. This will apply particularly to those parts of the Republic where there is a lack of these institutions (in Slovakia for example), for, by penetrating to the small villages through the medium

of the network of post offices (numbering some 4,000), new sources of national thrift will be opened up. Not less important will be the attention given to the savings of Czechoslovaks beyond the frontier, the number of such persons in America alone running into many thousands.

As will be seen, the Post Office Savings Bank is not to encroach on the sphere of the private banks, but, on the contrary, is to support their economic functions and supplement the financial institutions of the country by a body that will serve the public weal. The rate of interest, for example, paid by the Savings Bank will be lower than that paid by the other banks.

The public mission of the Post Office Savings Bank is reflected in the activities of the Postal Cheque Department hitherto. As all taxes, State charges and duties are paid through the Postal Cheque Department, the greater portion of the country's revenue is concentrated in the head offices of the Department, while expenditure is also largely distributed through the same medium. This service for the State does not in any way harm private interests, for the concentration of all these transactions in the Postal Cheque Department enables the banks to perform more effectively their rôle as agents for payments. The best proof of this is the fact that the services of the Department are availed of by over 90,000 account-holders, whose accounts represent a sum of C.Kr.2,000 mill., while the turnover for 1925 exceeded C.Kr.171,000 mill.

The conversion of the Postal Cheque Department into a Post Office Savings Bank is thus nothing more than completing the organisation of the former in the interests of the State and of the public. Only the pressing nature of other economic reforms has prevented Czechoslovakia from obtaining sooner this important institution. The inauguration at an early date of the Czechoslovak Post Office Savings Bank will mark a further step forward in the satisfactory economic development of the Republic.

The State Debt in October.—The total State Debt of the Czechoslovak Republic amounts to C.Kr. 34,945,024,990, of which the Internal Debt represents C.Kr.24,049,196,350, the External Debt C.Kr. 6,495,828,640, and the Debt arising from the Peace Treaties C.Kr.4,400,000,000. The Internal Debt is divided into funded debt of C.Kr.19,438,338,850 and floating debt of C.Kr.4,610,857,500. The External Debt consists of the British credits, totalling C.Kr. 1,802,944,640, and of American credits, the total of which is C.Kr.4,692,884,000. The Debt arising from the Peace Treaties comprises the part of the Austro-Hungarian pre-war debt which is to be paid by the Czechoslovak Republic. The floating Internal Debt is made up of C.Kr.1,536,185,000 Treasury Bills and C.Kr.3,074,672,500 Six per cent. Treasury Bonds of the Czechoslovak Republic.

The External Debt comprises:—

(a) *British Governmental Credits*: C.Kr.58,739,670 for foodstuffs, of which £12,925 11s. 5d., that is C.Kr. 18,632,719, will be redeemed in 1927; C.Kr.125,567,970 for repatriation of the Siberian Army, of which the third and fourth instalments of £68,819 (C.Kr.11,355,135) will be paid in 1927.

(b) *8 per cent. Czechoslovak External Investment Loan of 1922*: The first slice of £3,300,000 and \$14,000,000 represents the sum of C.Kr.979,680,000; the second slice of £2,050,000 and \$9,250,000 totals C.Kr. 638,957,000.

(c) *7½ per cent. Secured External Sinking Fund Gold Loan of 1925*, amounting to \$25,000,000 or C.Kr. 782,884,000.

(d) *Credits of the United States of America* for foodstuffs, army equipment and various army requirements supplied by the American warehouses in Europe, for purchases of war material and for repatriation of the Siberian Army, to the amount of \$115,000,000 or C.Kr.3,910,000,000.

The total interest accruing from the External Debt

reaches the sum of C.Kr.310,081,848 (C.Kr.2,000,000 accrues from other external debts, the date and mode of payment not yet being known); for the needs of redemption the sum of C.Kr.91,463,854 is required. The expenditure on interest payable on the passing Internal Debt amounts to C.Kr.326,651,450, and on redemption to C.Kr.200,000,000, giving a total of C.Kr.526,651,000. The funded Internal Debt requires C.Kr.1,007,281,162 for payment of interest and C.Kr.323,891,000 for redemption, the total being C.Kr.1,331,172,162. The total expenditure connected with the Internal Debt, excluding administration expenditure, amounts to C.Kr.1,857,823,612; that connected with the External Debt, to C.Kr.402,145,602. (*Narodni Banka Ceskoslovenska Bulletin*, October.)

Insolvencies, January to September.—The number of bankruptcies and arrangements for the benefit of creditors during the first nine months of the present year was as tabulated below (the figures for 1925 are shown in brackets):—

	Bankruptcies.	Arrangements for the benefit of creditors.
January	41 (42)	236 (230)
February	40 (43)	201 (183)
March	54 (56)	242 (192)
April	42 (46)	226 (170)
May	47 (31)	220 (182)
June	38 (39)	230 (149)
July	45 (28)	207 (140)
August	31 (27)	182 (123)
September	39 (27)	171 (118)

It will be noted that the figures for the months in 1926 are more unsatisfactory than those for the corresponding period in 1925. The total for the whole twelve months of 1925 was 461 bankruptcies and 2,007 arrangements for the benefit of creditors, the monthly average of the number of failures in 1925 being thus well below the monthly figures already made known for 1926.

TRADE

Czechoslovak Trade via Trieste.—The importance of Trieste as a seaport has long since been recognised by Czechoslovak importers and exporters: in addition to its favourable geographical position, the harbour is well equipped with modern plant, and in this respect need not fear comparison with other ports. Before the war it was but natural that the bulk of the Austro-Hungarian trade should be directed via Trieste. Thus the traffic returns for 1913 show that 2,697,545 tons passed through this port, e.g. 1,488,209 tons of imported and 1,209,335 tons of exported goods, Czechoslovakia's share in this trade amounting to 593,418 tons, or 2 per cent. of the total traffic. The reorganisation of Czechoslovakia's trade after the war led to an increased goods traffic via Trieste, as may be gathered from the returns for 1924, when 807,735 tons of Czechoslovak merchandise contributed towards the large increase in the total traffic. This is equivalent to 27 per cent. of the whole railway transport to and from Trieste, and it placed Czechoslovakia first on the list of countries trading with this port, with the sole exception of Italy. After 1924, which was a record year for shipments via Trieste, the trade somewhat slackened owing to economic causes which no longer exist; and the returns have for some time shown a tendency to increase, which has been well maintained.

The important transport routes of Central Europe converge upon Trieste; the speed and security of this route, the way in which goods are handled, the railway, Customs and sanitary installations, the Customs régime in "Punti Franchi," the utilisation of all the available harbour installations, and the favourable treatment accorded to Czechoslovak shippers—these are advantages which largely account for the improvement in the trade by this route. The competition of the North European ports is being met by exceptional concessions to shippers and by a particularly fast service. Special railway rates apply to Czechoslovak goods in transit through Austria if consigned via Trieste, and goods trains are despatched with all possible speed. A number of large shipping companies are using Trieste as their home port: one need only mention the Lloyd Triestino, which maintains regular services to the Near East and beyond, via the Suez Canal to India, China and Japan. (*Czechoslovak Market*, October.)

INDUSTRY

The Industrial Situation.—A very considerable improvement has taken place in certain industries, while in others employment still leaves much to be desired. The sugar season is now in full swing, and coal mining is experiencing an unprecedented boom. The iron and steel industry is also better employed, chiefly owing to British time orders having been laid off by Germany. The negotiations between the various works in Czechoslovakia for a national agreement that would permit them to join the Continental Steel Trust have received a check by the aloofness of one firm, which also owns some works in Germany and wishes to stand out. The Czechoslovak Government, however, is endeavouring to bring the parties to an understanding, and it is hoped that a satisfactory result will be reached ere long.

The machinery shops have again received some important orders for Soviet Russian account. The Erste Bruenner Maschinenfabrik A.G., which has recently been reconstructed, is busy on a refrigerating plant for Odessa, valued at 6 million crowns; the Skoda Works, at Pilsen, are making three turbines for electric power stations in Soviet Russia, the contract being worth 10 million crowns; and a group of engineering works, including Skoda and Ringhoffer, have booked an order for 2,500 undercarriages for the Russian railways, of a value of 40 million crowns.

Strenuous efforts are being made by the local engineering trade to obviate the import of machinery that is not manufactured, though required, in Czechoslovakia. Certain printing, coining, electric, textile, mining and other machinery comes under this heading, and benefits at present from concessions in the Customs tariff if the authorities are satisfied that the demand cannot be met from local production. Applications for import licenses under favourable treatment are said to reach about 800 a month. Czechoslovak engineering works are, therefore, endeavouring to acquire manufacturing licenses for such machinery if a sufficient demand can be expected to warrant the outlay for the licence and the capital expenditure on the necessary plant. Apart from the technical difficulties involved, it is this commercial aspect which retards progress in this direction. Aero engines are a case in point, only locally made engines being in use. (*Czechoslovak Market*, October.)

SOCIAL AND LABOUR CONDITIONS

Decline of the Birth Rate.—Speaking in connection with the Budget estimates of his Department on November 12 last, M. Sramek, Minister of Social Welfare, stated that the population problem in Czechoslovakia was becoming a national menace on account of the sharp decline in the birth rate, particularly in Bohemia. The birth rate in Czechoslovakia had fallen to 263 per 10,000 inhabitants and in the province of Bohemia to as low as 218, as against 337 per 10,000 inhabitants in Japan, 271 in Germany, 254 in Great Britain and 213 in France. In Bohemia the birth rate had thus fallen to practically the same low level as that in France. A serious feature was that the movement was developing to the advantage of the German and to the detriment of the Czechoslovak population. (*Prager Presse*, Nov. 13.)

Co-operative Societies in Czechoslovakia in 1925.

The co-operative movement in the Czechoslovak Republic continues to develop very satisfactorily. The *Zprávy Statního Uradu Statistického Republiky*

Ceskoslovenské, No. 14, gives some detailed figures respecting this development over the past seven years. Summarised, these data may be expressed as follows:—

		No. of Co-operative Societies at the end of		
		1919.	1924.	1925.
Bohemia	... ..	6,154	7,671	8,004
Moravia	... ..	2,855	3,492	3,548
Silesia	... ..	558	676	698
Slovakia	... ..	1,129	2,097	2,175
Russia Subcarpathia	... ..	60	301	308
Total	... ..	10,756	14,237	14,733

Of the total of 14,733 societies at the end of 1925, Czechoslovak societies accounted for 10,910 and German societies for 3,188, those of the remaining nationalities being comparatively few.

ESTONIA

POLITICAL AND GENERAL

Effect of Foreign Capital on Trade and Industry.—

The Estonian economic system is suffering from a serious money shortage of long standing, varying from time to time in its degree of intensity. This fact is clearly attested by the credit basis for conducting business which has now become common, and the consequent large number of bills in circulation at the present moment. The formidable array of protested bills, the average monthly value of which amounts to Emk.100 mill., indicates the great dearth of capital in the country. The Government is making praiseworthy endeavours to secure aid, in the first place by attracting foreign capital to the country, but is confronted by serious difficulties and a certain amount of distrust. As compared with pre-war days, when foreign capital to the extent of £10 million was invested in Estonian industries, the foreign capital at present in the country only amounts to £2.25 mill. (See THE ECONOMIC REVIEW, Oct. 1). The Entente States hold the major portion of interests in Estonian industry. The attitude of reserve adopted by foreign capitalist groups is probably due to the idea, so widespread in the West, that the Baltic States are merely an accidental and artificial formation, called into being by the world war and the Russian revolution, the continuance of whose existence appears highly doubtful. Thus extensive credits and investment of capital are thought to involve considerable risk, particularly as measures such as the agrarian law and legislation in regard to compensation are not calculated to strengthen confidence on the part of foreign capitalists.

Such an attitude on the part of foreign countries towards a country so poor in capital as Estonia naturally affects both industry and trade. Estonian foreign trade would doubtless have developed more favourably if industry had been more adequately financed and therefore more active. The following table shows the slow but steady upward movement of Estonian foreign trade (in millions of Estmarks):—

	1921.	1922.	1923.	1924.	1925.
Import	4,482	5,589	9,332	8,204	9,655
Export	2,286	4,811	5,712	7,806	9,665
Balance	— 2,196	— 778	— 3,620	— 338	+ 10

Thanks to the increase in exports the rate of the Estmark, which in 1924 had been subject to considerable fluctuation, was stabilised at the end of 1925, thus affording a definite basis for further economic development. The industries which are of the greatest importance to successful export are naturally those which are engaged in working up home-produced raw material. The timber and woodworking industry, like the leather, paper, cement and match industries, have increased their output, although they are at present suffering from lack of markets, Russian business having fallen off considerably during the last few months. The textile industry is also suffering from the absence of markets, as shown in the falling off in imports of raw material. Estonian agriculture has been forced, owing to the splitting up of estates, to go over to dairy farming from the cultivation of grain, and is now beginning to export

a considerable amount of butter. The export of flax has also achieved considerable success. As the grain produced in the country is not even sufficient to meet home needs, Estonia is obliged to import increasing quantities of grain. Between 1921 and 1925 the import of rye increased from 2,500 tons to 47,700 tons, and that of wheat from nil to 12,800 tons. This increase in the export of grain has a very unfavourable effect on the balance of trade, which for the first time achieved a credit balance last year. In the current year the development appears to be more favourable, as the following table for the first six months shows (in millions of Estmarks):—

Imports.	First half-year	
	1926.	1925.
Grain	923	1,034
Machinery	717	761
Cotton	608	965
Foodstuffs	457	469
Leather and hides	224	116
Oils and fats	207	221
Coal	154	117
Chemicals	127	158
Fish	121	118
Fertilisers	91	120
Paper	84	99
Sundry	810	201

Exports.	First half-year.	
	1926.	1925.
Butter	1,076	780
Flax	1,008	857
Textiles	693	871
Timber and wood goods	644	377
Leather and hides	230	100
Cement	68	139
Matches	53	43
Livestock	29	26
Fish	27	15
Grain	24	131
Sundry	60	297

The first half of 1926 thus shows an export surplus of Emk.118 mill. as compared with a deficit of Emk.598 for the corresponding period of the preceding year, and according to the most recent data of the Board of Statistics exports for the first nine months of the year amounted to Emk.7,240 mill. as against imports amounting to Emk.6,880 mill., so that the export surplus has increased to Emk.354 mill. This increase in exports, however, does not indicate any essential improvement in Estonia's general economic position. No decisive change for the better can be effected without the creation of a greater volume of capital in the country. There are at present hopes of achieving this by other means than foreign loans.

The exploitation of shale fuel on a large scale is now of prime importance among Estonian economic interests. The possibility of exporting this valuable product in large quantities would naturally raise the financial position of the State, especially as the entire profits of such an undertaking would go to the country direct, the shale fuel works being State property. The net profit of the shale fuel works in 1925 amounted to £7,500, while the gross revenue was £65,000. The State capital invested in material, plant and subsidies in connection with the exploitation of the fuel represents the sum of £750,000. Between 1921 and 1925 75,000 ctr. of crude oil has been produced, and from this crude oil 10,000 ctr. of phenolat was manufactured. This is a preparation used for impregnating railway sleepers. In addition considerable quantities of naphtha, pitch, lubricating oil, tar, benzine and asphalt have been produced. A new process, invented in Estonia, is employed to convert shale fuel into asphalt without waste. Although the quality of the Estonian asphalt is high, numerous experiments will have to be made before a satisfactory mixture for road construction is discovered. Under intensive exploitation of the shale deposits an export quantity of 500,000 tons of asphalt is reckoned upon, with an estimated value of £1.25 million. (*Wirtschaftsdienst*, Nov. 5.)

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FINANCE

Results of the Financial Policy.—A review of the financial results of the administration of the Estonian State during the last few years reveals the fact that the deficit of the earliest years of the Republic, which amounted to Emk.2,558.5 mill. between 1918 and 1921 and was mainly covered by the issue of paper money, has completely disappeared. A table published in the Bulletin of the Bank of Estonia for September shows the following surplus of revenue over expenditure in the last four years (in millions of Estmarks):—

			Surplus.	Percentage of Budget
1922	...	...	1,566.5	28.4
1923	...	...	337.5	4.8
1924	...	...	67.7	0.9
1925	...	...	335.5	4.5

Apart from 1924, when the State expenditure showed a heavy increase, the State has been administered during this period with a considerable margin of profit. This in itself is a satisfactory development, as working with a deficit drives the State, in the absence of other resources, in the direction of inflation. If, however, the figures of the 1925 Budget are examined in greater detail, this surplus appears in quite another light.

The ordinary State revenue was composed in 1925 as follows (in millions of Emk.):—

Direct taxation	...	...	690.2
Bill tax and fees	...	...	396.0
Indirect taxation	...	...	2,059.2
Spirit monopoly	...	...	1,062.1
State undertakings	...	...	3,370.6
Sundry	...	...	158.6
Total	...	...	7,736.8

As will be seen from the above analysis, the chief sources of revenue are the State enterprises and indirect taxes. If, however, the working expenses are deducted from the gross profits the position is considerably altered. Revenue from State enterprises consists chiefly of the receipts of the railway administration (Emk.1,327 mill.) and from the domains and forests (Emk.1,082 mill.). The working expenditure of the railway administration amounted to Emk.1,137 mill., so that the net profits amount to Emk.200 mill., while the expenditure of the Ministry of Agriculture amounts to Emk.343 mill., leaving net profits from the domains and forests amounting to Emk.740 mill. From the revenue from Posts and Telegraphs of Emk.390 mill. costs amounting to Emk.264 mill. must be deducted. At a rough estimate about 60 per cent. must be deducted for working expenses from the gross revenue drawn from State enterprises.

A deduction of Emk.75 mill. must be made from the item "indirect taxation," so that here a net result of Emk.1,985 is obtained. This sum represents mainly returns from Customs and Excise. Expenditure in connection with the Spirit monopoly amounts to Emk.390 mill., leaving net returns amounting to Emk.670 mill., while about Emk.60 mill. must be deducted from the returns from direct taxes, so that the net return is about Emk.1,000.

The above calculations, which lay no claim to great exactitude, show that the State, in possession of relative large resources in the shape of domains and economic enterprises, draws a very small revenue from them, hardly larger than the expenditure of the War Office alone. The bulk of the revenue comes from taxation, direct taxation playing a very prominent part, a fact which is generally ignored.

The question now arises as to how far a financial policy which accumulates large sums by direct and indirect taxation of the population and does not always utilise them for the general profit is justified. As a matter of fact extraordinary revenue amounting to Emk.30 mill. is set off by extraordinary expenditure of Emk.1,530 mill., made up of various purchases, operation funds and subsidies. It would take too long to analyse each item of this total from the point of view of its utility; it will suffice to state that it is a dangerous

practice in the long run to deduct continually from the earnings of the population in order to expend the money on State enterprises which in many cases do not meet the general needs.

The surplus revenue of the State is too large, although the percentage of surplus in 1925 only amounted to 4.5 per cent. In consideration of the peculiar structure of the Budget the absolute amount of the surplus is of greater importance than its relative amount. The 1925 surplus amounting to Emk.335.5 mill. corresponds exactly to the revenue from the income, property and capital taxes. That is to say, the State had no need of these taxes in order to balance the Budget. The direct and indirect taxes act as a brake on the economic development of the country, which is almost entirely dependent on the formation of capital within its own borders. The socialistic principle of dispersing by means of taxation all private industrial profits not only hampers the economic development of a country, but leads to the dissolution of capital, and destroys all endeavours of private and State enterprise to accumulate foreign capital in support of development. (*Revaler Bote*, Nov. 8.)

INDUSTRY

Development of Phosphorite Beds.—The phosphorite deposits in Estonia have long been known, but it was not until after the proclamation of the Republic that attention was focussed on the industrial exploitation of the strata and the preparation of phosphorite for use as a fertiliser. An impetus to the practical solution of the problem was given by the satisfactory results of the first researches, carried out in 1921, and the first factory was started in the following year. Before the war marketable fertilisers such as superphosphate,

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Thomas phosphate, nitrogen, etc., found widespread use in Estonia, and in 1914 imports of these commodities totalled 33,000 tons, superphosphates representing one-third of the whole. Now, in consequence of the progressive development of agriculture, the existence of a cheap local fertiliser has gained foremost importance where extensive cultivation of the land is concerned, a work which was prevented from attaining its full scope by the dearness of imported manures.

Deposits of phosphorite are found practically all over the country, particularly on the shores of the Gulf of Finland and on the banks of the Novara, Pirita, Jagala and Purtse rivers at an average depth of 5 metres, in some places even exposed on the surface. The layers are found in the Neo-Cambrian formation, immediately under the Silurian strata of limestone and shale, and represent quartz sandstone richly intermixed with little shells containing up to 35 per cent. of phosphoric pentoxide.

The first experiments for the purpose of ascertaining the use of Estonian phosphorite as a fertiliser were conducted on behalf of the Ministry of Agriculture in 1921, and in 1922 it first appeared on the home market in the shape of unrefined phosphorite mixed with sand and containing 12 per cent. of P_2O_5 . The researches carried out with this product at the Arakula experimental station gave remarkably good results, and have clearly shown the applicability of phosphorite as a fertiliser, either alone or combined with potash salts. It also became evident, however, that the unrefined product was too coarse owing to the presence of sand, and also that production did not pay because of the high cost of freights.

After three or four years of research work, a new method of refining by which the sand is separated from the shells was discovered and the latter ground to powder to the fineness of cement, or twice as fine as Thomas phosphate. The refined phosphorite, which contains 28 to 31 per cent. of P_2O_5 is manufactured at the factory of the Eesti Vosvorit Company at Ulgaste, situated about 30 kilometres from Reval. This factory was established in 1925, and is well equipped and up-to-date. In the spring of 1926 the plant was completed by the addition of pneumatic boring machines for the driving of tunnels and the splitting off of the phosphoric sandstone. The producing capacity of the works is about 4,700 tons of ground phosphorite per annum. The workable fields at Ulgaste cover an area of 1,023 hectares and the total deposits of phosphorite there may be estimated at about 2.7 mill. tons of refined phosphorite of 28 to 30 per cent.

In 1925 100 tons of phosphorite were sold to Finland, and 400 tons were shipped during September of this year. It would, however, be more desirable from a practical and economic point of view if the produce were worked up in Estonia and used for the country's own requirements in preference to exporting the raw product. The chief obstacle has hitherto been lack of funds, and the exploitation of the deposits and the carrying out of the project on a large scale can hardly be realised without the help of foreign capital, so that the problem of Estonian phosphorite remains to be solved. (*Economic bulletin of the Bank of Estonia*, No. 2.)

AGRICULTURE

Harvest Returns.—According to the official statistics 510,700 tons of grain were harvested in Estonia last year, as against 465,500 tons in 1924. The area sown declined from 540,900 to 520,900 hct., so that the yield per hectare increased from 894 to 1,012 kg., consisting of winter corn. The area under rye was 154,800 hct., as compared with 152,500 hct. in 1924. The area under wheat increased from 8,100 to 10,900 hct. The yield of rye per hectare averaged 1,179 kg., as against 868 kg. in 1924. The yield of wheat averaged 1,195 kg., as against 860 kg. in 1924. Central Estonia yielded the best crop of rye. The poorest results were registered in the north and in the Walk district.

There was a decrease in the area sown for barley from 124,300 to 114,800 hct., while the average yield increased from 1,003 to 970 kg. per hectare. The area under oats was 150,000 hct. in 1925, as compared with 166,100 hct. in the preceding year. The yield declined from 846 to 842 kg. per hectare. Mixed corn was sown over an area of 58,700 hct. as compared with 48,700 hct. in 1924, and the yield averaged 1,028 kg. as against 976 kg. per hectare in 1924.

The potato harvest yielded 10,035 kg. per hectare in 1924, but the yield declined to 9,427 kg. in 1925, though the area sown increased from 67,000 to 68,900 hct. Turnips and other rapes returned 21,000 kg. per hectare, with an area sown of 5,400 hct.

The area under flax was increased from 30,700 to 45,700 hct., but the yield showed a decrease both as regards fibre (from 350 kg. in 1924 to 272 kg. in 1925) and linseed (from 381 kg. to 272 kg. per hectare).

Hay returned 3,363 kg. per hectare over an area of 130,200 hct., as compared with 3,125 kg. and 134,500 hct. in 1924. (*Riga Times*, Nov. 6.)

FRANCE

FINANCIAL AND GENERAL

The Financial Situation.—The continued rise of the franc has led the Reporter General of the Finance Committee of the Chamber to ask the Government what measures they contemplate in the event of this rise interfering with the equilibrium of the Budget. M. Poincaré's reply, as reported in the Press, was to the effect that revenue would only suffer in the event of a crisis arising, of which the Minister of Finance does not believe there are any signs. On the other hand, the rise of the franc can but help forward the policy which aims at Budget retrenchment. Facts will prove whether M. Poincaré is justified in his opinion or not. In any case, it shows once more that the feeling of the Government is strongly in favour of the present rise of the franc.

The Government intends to resume repayment to the Bank of France, which according to an agreement concluded in 1920 is to be made at the rate of 2 milliards a year. The fact is worth mentioning at this juncture, because it shows that the Treasury is confident that the present favourable situation will continue. In a previous issue it was pointed out that large liquid resources are being paid into the Treasury and the Bank. Besides, the public is buying Treasury Bills, and the Caisse de Gestion has been able to reduce the interest on the monthly Bills from 3.6 per cent. to 3 per cent. It benefits thus by the influx of speculative capital, which for the time being is looking for most liquid employment in francs.

The figures relating to the National Defence Bills show that the reduction of these, due to the large demands for repayment in July, is more than compensated by the rise in subscriptions during recent months, as shown below :—

January 1926...	46,089,000,000
July „ ...	44,218,000,000
August „ ...	45,973,000,000
September „ ...	46,816,000,000

The Metallurgical Industry and Financial Reform.

—It has frequently been observed in the financial Press that the metallurgical industry is one of those that are less likely to be affected by the rise of the franc or by its eventual stabilisation at a comparatively high level. Rumours have even been current to the effect that the iron and steel industrialists are in favour of a rate of 125 to the £ being chosen for stabilisation purposes. The views now expressed in the *Journal des Débats*, some of the new proprietors of which are connected with the industry, would appear to confirm these reports. In any case, there are certain objective considerations which go to support the idea that the metallurgical industry is not at all adverse to a comparatively high rate of stabilisation.

From the industrial point of view, the iron and steel industry shows evidence of remarkable progress, as indicated by the following figures (in thousands of tons) with reference to post-war France:—

	1913.	1923.	1924.	1925.	1926, first half.	1926, estimated total pro- duction.
Pig iron	9,071	5,431	7,693	8,471	4,593	9,186
Crude steel	6,973	5,109	6,900	7,415	4,098	8,196

Assuming that production is maintained at the same rate during the second as in the first half-year, it will still be below the quota of 9,132,000 tons of crude steel allowed to France by the recent decision of the Steel Cartel Board. Thus, so far as volume is concerned, the French metallurgical industry is guaranteed a steady output, with the possibility of a considerable increase, for the decision of the Steel Cartel of November 4 increasing the total quantity to be produced by its members from 27,287,000 tons to 29,287,000 tons does not seem to indicate that there is any falling off in the demand for steel. On the other hand it must be remembered that the working expenses of the French steel industry depend chiefly on two items, on the cost of ore extraction from French mines (97 per cent. of the ore consumed by the French blast furnaces being of French origin) and on wages. Seeing that wages account for most of the cost of the ore, they are obviously the main item in the cost of production. The fall of the franc therefore has yielded enormous profits to the metallurgical industry, thus contributing greatly to its financial strength. These profits were larger than in the case of the textile industry, for instance, which only enjoyed a premium on exchange in respect of a part of its cost of production, raw materials (cotton and wool) being imported and paid for in foreign money. Given a reduction in wages or an increase in working hours, the French metallurgical industry will be immensely benefited. At present, of course, the rise of the franc has an unfavourable effect on the profits of the metallurgical companies, but they are still able to compete in the world market and to dominate the home market.

Enormous profits were made by the industry not only during the war, but also after it and right up to the present moment. Unlike some other branches of industry, the financial management of the largest iron and steel companies has always been very cautious. The *Journal des Finances* (Nov. 19) remarks that, whatever may be the opinion of the leaders of the industry as to the future of the franc, their idea was to reach the final solution (nullification, revalorisation, or stabilisation) with assets (especially non-liquid assets) evaluated as low as possible. In order to proceed with large amortisation and accumulation of reserves the dividends paid to the shareholders were reduced below the pre-war figure, notwithstanding the depreciation of the franc. While endeavouring to live on their own resources, the metallurgical companies have nevertheless been obliged to increase their capital and to have recourse, though only on a small scale, to issues of debentures. The figures for the principal companies are as follows (in thousands of francs):—

	Pre-war capital.	Actual capital.	Stock exchange value of total capital,		Dividends.	
			in 1914.	in 1926.	1913.	1925.
Acieries de la Marine ...	28,000	100,000	94,416	150,000	75	35
Micheville ...	17,000	75,000	59,160	150,000	60	30
Denain-Anzin ...	12,000	60,000	51,120	234,600	80	40
Longwy ...	24,000	100,000	84,000	245,000	60	65
Lenelle-Maubeuge	12,000	60,000	29,984	207,600	35	60
Creusot ...	36,000	100,000	191,800	272,500	85	80
Nord et Est	15,000	132,000	60,750	221,760	90	15
Chatillon-Com- mentry ...	18,500	37,000	62,321	160,580	85	75

Financial strength accumulated as the result of cautious management has been further reinforced by the indemnities for devastated plant paid by the Government. It is well known that the amount of these indemnities was in many cases very much in excess of the real loss. The claims have not been fully satisfied by the Govern-

ment—the Lenelle-Maubeuge Company, for instance, asked for 317 millions, the Acieries de la Marine claimed 400 millions, Denain-Anjou 625 millions, and so on—but, as pointed out in the article of the *Journal des Finances* above referred to, a large portion of the amounts has already been paid to the companies.

In this way the companies have acquired large financial resources, which have enabled them to assume control of or participate in many other enterprises. By continuing to build up their reserve funds on the same scale as hitherto (the Acieries de la Marine at the close of 1925-26 carried to reserve Fr.9,189,000 out of a total net profit of Fr.16,918,000), the companies will be in a position to extend their control still further. The rise of the franc will undoubtedly lead to the failure of many enterprises whose financial resources are not sufficient to enable them to withstand the crisis. Being now in the position of financial potentates as compared with other branches of industry, and having on the other hand consolidated their industrial power by means of the Steel Agreement and subsequent operations, the big metallurgical groups will be supported by franc stabilisation at a high rate in their policy aiming at concentrated control over a large part of French industry. Moreover, as is well known, these groups have important international interests: a large part of the Luxemburg metallurgical industry is controlled by them, while the big Scoda works in Czechoslovakia are also under strong French influence (Schneider-Creusot). Benefiting as they do in France by the depreciation of the franc, they are severely hit by it as manufacturers outside France, which lessens the profit they derive from inflation. The rumours, therefore, to the effect that the metallurgists favour a high rate of stabilisation would appear to be well founded.

GERMANY

POLITICAL AND GENERAL

Economic Programme of the Reichstag.—The Reichstag re-assembled in the beginning of November, after a three months' recess, with an extensive economic programme before it. During its first session, from November 4 to 12, the most urgent question of the support of the unemployed was settled, and the following important matters remain to be dealt with: the passing of the additional Budget, which is to be met chiefly by means of loans; the Financial Compensation Bill; the Spirit Monopoly Bill; the Fodder and Foodstuffs Bill, which is directed against the adulteration and falsification of fodder and regulates the supply of milk; and the constitution of the final Reich Economic Council, together with a draft Bill for the reform of Bankruptcy legislation. A new Bill affecting the Courts dealing with labour disputes is due to come into force on January 1, 1927, and a further debate on Customs Duties is likely to take place before Christmas. It is proposed to raise the duty on flour from Rmk.10 to Rmk.12.50 and the sugar duty from Rmk.10 to Rmk.16 or Rmk.20. The coming Franco-German commercial treaty will also be discussed in the Commercial-Political Committee of the Reichstag, and an increased tariff is to be proposed, which would be applicable to the new treaty and to all outstanding treaties. France has effected considerable increases in the tariff which she will eventually apply to the treaty, and insists on maintaining the coefficients. As the final treaty with France is expected by March 1927, the question of these increased duties will have to be discussed this year, if the Government, as appears probable, accedes to the suggestion.

In the direction of provision for the unemployed a provisional solution for dealing with the most urgent necessities was arrived at. A final solution of the question can only be achieved by means of an Unemployment Insurance Bill, which is being prepared by the Reich Economic Council. Under any other settle-

ment cases always arise where the unemployment dole is in excess of the usual wage. According to statements by the Minister of Labour an increase of 10 per cent. in the dole would bring 11 per cent. of the recipients above their habitual wage. The Social Democrats demand a 50 per cent. increase in the dole and the Centre one of 20 per cent.; the former proposal secured an accidental majority in the Reichstag, the Government being for the moment placed in the minority. The Government was obliged to insist on the adoption of the rates set down in the original scheme of 15 per cent. for independent unmarried persons out of employment and 10 per cent. for all other recipients of the dole. The order is valid from November 8 till March 31, 1927. (*Wirtschaftsdienst*, Nov. 19.)

FINANCE

Reichspost Balance-sheet.—The Reichspost balance-sheet for 1925 and up to March 31, 1926, shows less lucrative results than in the preceding year. In spite of considerable tariff reductions receipts were higher by about Rmk.65 mill., more use having been made of certain branches, but expenditure increased proportionately to a far greater extent. The receipts were as follows as compared with 1924 (in millions of Reichsmarks):—

	1925.	1924.
Posts and postal cheques	954	861
Telegraphs	87	98
Telephones	615	648
Wireless	32	0.2
Miscellaneous receipts ...	28	27
Total	1,716	1,654

The working expenditure includes Rmk.1,050 mill. for personal costs, no comparison with the preceding year being possible because of the division effected this year into working costs and plant. The profit and loss account for the financial year 1925-26 shows receipts amounting to Rmk.1,724.58 mill. and working expenses of Rmk.1,392.2 mill., Rmk.66.87 being carried forward from the past year. Writing off was effected to the extent of Rmk.147.0 mill., and Rmk.29.36 mill. was allocated from the net profits to the reserve fund and Rmk.5 mill. to the upkeep of plant, while Rmk.217.87 was placed to current funds. In the balance-sheet to March 31, 1926, the plant items have increased from Rmk.1,519 mill. to Rmk.1,801 mill. The building account shows the heaviest increase, from Rmk.321 mill. to Rmk.385 mill., not including Rmk.6 mill. written off, while the motor vehicle account has risen from Rmk.21 mill. to Rmk.60 mill., apart from Rmk.11 mill. written off. Increases are also shown in respect of the underground telegraph and telephone system and wireless apparatus. Stocks of telegraph construction material and apparatus have decreased from Rmk.163.2 mill. to Rmk.140.8 mill. and long distance cables from Rmk.50.1 mill. to Rmk.20.4 mill. The increase in building and mortgage loans from Rmk.18 mill. to Rmk.33.6 mill. is worthy of note. The legal reserve fund of Rmk.112 mill. is invested up to Rmk. 108.5 mill. in State Bank loans, etc.

The credit in hand in respect of postal cheques, amounting on March 31, 1926, to Rmk.498 mill., has been invested as follows: Bills and Treasury Bonds, Rmk.47 mill.; gilt-edged securities and public loans, Rmk.91 mill.; Provincial and State Bank loans, Rmk.181 mill.; other loans, Rmk.43 mill.; Reichbank bills, Rmk.50 mill.; and contributions to the working capital of the Post Office, Rmk.86 mill. This sum of Rmk.86 mill. appears on the debit side as a debt to the postal cheque service (last year Rmk.52 mill.). This is the only change worthy of note on the debit side. The balance-sheet and yearly report are on the whole satisfactory. (*Deutsche Allgemeine Zeitung*, Nov. 24; *Hamburger Fremdenblatt*, Nov. 23.)

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TRADE

Foreign Trade Returns for October.—The balance of foreign trade once more shows a deficit in October. The import surplus in the net exchange of goods amounts to Rmk.110 mill., exclusive of gold and silver Rmk.266 mill. Imports in October have increased by Rmk.167 mill., the import of foodstuffs and beverages having risen by Rmk.78 mill., that of raw materials and semi-manufactured goods by Rmk.46 mill., and that of manufactured goods by Rmk.41 mill. Exports have also risen as compared with September, all groups having contributed to the increase. The increases in the individual groups are as follows: Foodstuffs and beverages, Rmk.14 mill.; raw materials and semi-manufactured goods, Rmk.8 mill.; and manufactured goods, Rmk.20 mill. The following tables give details of the returns for October and the period January to October 1926 (in thousands of Reichsmarks—(a) pre-war values, (b) present values):—

		Imports.	
		October 1926.	Jan. to Oct. 1926.
Foodstuffs and beverages	(a)	255	2,165
	(b)	334	2,892
Raw materials and semi-manufactured goods	(a)	398	3,188
	(b)	484	3,862
Manufactured goods	(a)	127	832
	(b)	156	1,040
Gold and silver	(a)	157	460
	(b)	158	464
Total, including live stock	(a)	954	6,737
	(b)	1,148	8,355
		Exports.	
		October 1926.	Jan. to Oct. 1926.
Foodstuffs and beverages	(a)	35	304
	(b)	43	364
Raw materials and semi-manufactured goods	(a)	180	1,541
	(b)	233	1,913
Manufactured goods	(a)	444	4,249
	(b)	603	5,853
Gold and silver	(a)	3	32
	(b)	3	32
Total, including live stock	(a)	662	6,131
	(b)	882	8,172

The import of foodstuffs and beverages shows an increase of Rmk.78.4 mill., including increases in the case of rice (Rmk.19.8 mill.), barley (Rmk.14.4 mill.), wheat (Rmk.13.1 mill.), meat and fruit. Vegetables, on the other hand, show a decrease.

The import of textile raw materials contributed Rmk.23 mill. to the Rmk.46.2 mill. increase in the raw materials and semi-manufactured goods group. The import of hops, mineral oil, calf-hides, tin and raw tobacco showed an increase, while the import of oleaginous fruits, skins and peltry decreased.

The increase in the import of manufactures, amounting to Rmk.40.9 mill., includes Rmk.24.8 for water craft and Rmk.11.3 mill. for textile manufactures.

Increased exports of rye, wheat, oats and flour contributed largely to the increase in the export of foodstuffs, while a further small increase in the export of coal contributed to the Rmk. 8 mill. increase in the raw materials and semi-manufactured goods export. The export of manufactures shows an increase of Rmk.20 mill., including an increase of Rmk.10.6 mill. in the export of rolling mill products. Electro-technical products, chemicals, leather, dyes and paper all show increases, while textile manufactures and machinery have experienced a decrease, the former by Rmk.4.4 mill. and the latter by Rmk.3.9 mill. The import of gold and silver has increased by a further Rmk.50.9 mill., to Rmk.157.9 mill. (*Hamburger Fremdenblatt* and *Deutsche Allgemeine Zeitung*, Nov. 21.)

INDUSTRY

Amalgamation Projects in the Shipbuilding Industry.—In contrast to the great shipping firms, which partly on their own initiative, partly under pressure from outside, have succeeded by means of amalgamation in husbanding their forces, no similar decision has yet been

arrived at in the German shipbuilding industry, which is an even more unfavourable position. The opinion held in leading circles was that the crisis must work itself out and the weakest concerns must go to the wall. Now, however, it appears that other forces are about to intervene. Negotiations are pending in Berlin between the J. F. Schroder Bank, which owns the majority of the Weser Company's shares, and the Berliner Handelsgesellschaft, who hold a preponderant influence in the Vulcan Works in Stettin and Hamburg, with a view to effecting an amalgamation between the Weser Company and the Vulcan Works, in which it is rumoured the Tecklenborg shipbuilding yard is also to be included. While the financial side of the transaction seems to be clearly settled, difficulties still remain in regard to personal questions and technical arrangements, so that the conclusion of the negotiations, which was expected at the end of November, has been delayed. Negotiations are also being carried on with the City of Hamburg, without whose permission the transaction cannot be carried through. All the employees of the Vulcan Works in Hamburg are under notice for December 31, 1926, or March 31, 1927, and apart from the construction of a dry dock there is not a single ship on the slips. It is more than likely, in the case of the transaction being carried through, that the Hamburg and Stettin works will separate. The Hamburg Works were always at a disadvantage, because the Stettin concern received considerable financial support from the State of Prussia, which invariably endeavoured to see that the Stettin works were first supplied with contracts, and prevented new construction which came under Prussian influence from going to Hamburg. The Weser Company is even more in need of assistance than the Vulcan Works, and Bremen would in this way gain more influence in Hamburg. The Weser Company's capital amounts to Rmk.13.08 mill. and that of the Vulcan Works to Rmk.10 mill. The Vulcan works are quoted on the Berlin Bourse at 86 per cent., while the Weser shares are at 86½ per cent. (*Hamburger Fremdenblatt*, Nov. 20).

Statistics Regarding the Consumption of Electricity.

—The Reich Statistical Office has instituted a monthly examination of the consumption of electricity since January 1, 1925, with the idea of ascertaining the use, production and consumption of electricity in the country. The statistics are limited to representative works, including public power stations and private industrial producers.

The daily consumption of 122 works developed as follows: 1925—first quarter, 33.6 mill. kw.; second quarter, 31.6 mill. kw.; third quarter, 32.6 mill. kw.; fourth quarter, 37.1 mill. kw. 1926—first quarter, 34 mill. kw.; second quarter, 30.4 mill. kw.; third quarter, 31.5 mill. kw. During the third quarter of 1926, the statistics for July were 29, for August 31.6, and for September 33.8 mill. kw. It is true that these statistics do not throw much light on general development, as the consumption of current for lighting purposes naturally varies with the seasons. When records have been kept for a number of years it will be possible to discount seasonal variations and to gain a better general idea. A review of the current produced in 103 works for industrial and commercial consumers, however, appears to be already of value for observing economic fluctuations:—

	Estimated capacity in 1,000 kw.	Total in 1,000 kw.	Estimated capacity per kilowatt.	Percentage of 1925.
Monthly average 1925	...	12,630	3.86	100
January 1926	3,274	12,159	3.53	91.5
February	3,467	12,104	3.49	90.5
March	3,473	11,420	3.29	85.2
April	3,473	11,766	3.39	87.8
May	3,498	11,995	3.43	88.9
June	3,511	11,259	3.21	83.1
July	3,501	11,329	3.24	83.9
August	3,522	12,231	3.47	90.0

These statistics show one thing clearly, viz. a steady increase in the capacity estimate, and consequently a

transformation of German industry to electrical power. On the other hand it may appear astonishing that the curve of the daily capacity estimate per kilowatt only reached its lowest point in July. It cannot be a case of falling off in the consumption of light during the summer months, as this had already been accounted for. If the consumption of electricity only began to show a marked increase in August, it was because there were no real symptoms of industrial revival before August, apart from coal and iron, particularly not in those economic branches which may be counted among the consumers of electricity on a large scale. (*Deutsche Allgemeine Zeitung*, Nov. 24.)

HUNGARY

POLITICAL AND GENERAL

The Political Situation and the General Election.—

Quite unexpectedly the decision has been made to dissolve the Hungarian Parliament and to hold new elections to the Diet. Following these elections the two-chamber system is to be reintroduced. The last act of the present Diet was to pass the Bill for the creation of an Upper House. According to this measure four-fifths of the members of the new House of Peers are to be nominated by the Government, and only one-fifth elected. Even in respect of these latter the election will be indirect. The dissolution and new elections have come thus unexpectedly for the reason that Count Bethlen, the Prime Minister, wished to spring as much of a surprise as possible upon the Opposition. In this he has been successful. The new elections are to take place in the first week of December, and there is thus very little time for a well-organised electoral campaign on the part of Count Bethlen's opponents. As a result, considerable depression prevails in the ranks of the Opposition. The general impression is that Count Bethlen will secure an even more sweeping victory than he gained in the last elections. He is to-day the actual dictator in Hungary, both inside and outside Parliament. It is, in these circumstances, scarcely to be wondered at that certain opposition fractions that have hitherto voted against Count Bethlen—as for example the "Defence of the Race" group—should now be negotiating with him for an election pact. Latest reports state that such a pact has already been achieved. The group in question was badly compromised in the forgery affair, but this seems no objection in Count Bethlen's eyes. The fact is that the group possesses a terrorist organisation throughout the country (a relic of the post-Communist era in Hungary) which did good service for Count Bethlen during the last elections under the leadership of the well-known M. Gömbös. There will be plenty of opportunity for the exercise of terrorist methods at the coming elections, for, like the last elections, they will be public and not by secret ballot. The coming elections may well have historical significance, for the Parliament they will bring together will decide the monarchy question in Hungary—a question which must necessarily interest not only the neighbouring States but also the whole of Europe. Such interest is all the more justified as the general opinion in Hungary is that Count Bethlen, whose will in this direction gives the lead, is desirous of making Archduke Albert king despite the existence of the Dethronement Act of 1922 forbidding an Hapsburg candidature for the Hungarian throne. (*Central European Observer*, Nov. 19.)

Fourth Report of the Minister of Finance.—The Minister of Finance has published his Fourth Report on Hungary's financial conditions during the month of October.

The Estimates for November show gross receipts 77.3 and expenditure 67.5 million pengős, leaving a surplus of 9.8 million pengős. Special expenditure to the amount of 5 million pengős is included in the above, to meet the foreign pre-war State debts falling due in

that month, pursuant to the provisions of the Prague Agreement.

According to the revenue accounts for the period July to September, actual receipts exceeded estimates by 13.2 million pengős. In view of the fact that the estimates for the same period provided for a deficit of 9.3 million pengős, a surplus of revenue of 3.9 million appears as the final result of the first quarter of the fiscal year 1926-27.

The State accounts for October show actual receipts amounting to 74.7 million pengős, which exceeds the estimates by 16.4 million pengős. As according to estimates a surplus of 5 million pengős was expected, the actual surplus in October may be set down as 22.4 million pengős. This exceptionally favourable result is chiefly to be attributed to the fact that in a predominantly agricultural country like Hungary the harvesting period is the most favourable from the fiscal point of view.

Owing to recent considerable reductions in taxation, the November estimates anticipate a decrease of 1.1 million pengős in the revenue from taxation. An Act of Parliament increased the power of the Government to control municipal finance, in order to secure strict economy in municipal expenditure and to bring the burden of local rates down to the new level of taxation.

The State Railways have reduced both passenger and freight rates for distances not exceeding 100 kilometres, which accounts for a slight decrease in railway receipts. Expenditure shows a moderate increase, owing to extensive repairs and reconstruction work over the whole system.

Deposits in the Postal Savings Banks and in the 13 principal Budapest banks increased in October by 5.2 million and deposits on current accounts by 27.6 million gold crowns, the total figures being 185.8 and 414.4 million gold crowns respectively. This amounts to 25.5 per cent. of the pre-war total deposits and to 56.1 per cent. of the current accounts.

In virtue of the authority conferred upon them by Parliament, eight cities and twenty-four boroughs entered into an agreement with an American financial group headed by Messrs. Speyer and Co. of New York with regard to the issue of a new loan to the nominal value of \$6 million. The loan is placed to account at 89 per cent., the bonds yielding 7 per cent. interest. Coupons are payable on January 1 and July 1 of each year, commencing January 1, 1927, and ending September 1, 1946. Every city and borough is individually liable for its own share in the proceeds of the loan, the liability being secured on the whole real and movable property and on the entire revenue of the municipality, this pledge ranking next in order to the claims of the Hungarian Consolidated Municipal Loan of 1925. In order to secure the interest and redemption service of this loan, all revenues of the borrowing cities derived from the general income tax and from their participation in the turnover tax were pledged in the same manner as in the case of the Consolidated Municipal Loan of 1925. The loan is repayable within twenty years by September 1, 1946, and drawings will take place each year from April 1 to 15 and from October 1 to 15, the first to take place in April 1927. Bonds and coupons are exempted in Hungary from the tax on interest and from stamp duties. The issue was over-subscribed fifteen times on the New York Stock Exchange.

The Government has found it necessary to issue a decree forbidding municipalities and local authorities to open negotiations for the raising of foreign loans or loans payable in foreign currencies without the previous consent of the Minister of Finance. Two considerations led to this decision. First, a guarantee had to be found that loans would be raised for productive purposes only. Secondly, a safeguard was necessary against any possibility of over-borrowing, which might disturb the country's balance of foreign payments. It was for this

reason that the Government reduced to \$6 million the credit claims of the municipalities, which amounted originally to \$15 million. Credits are being granted only for the purposes of establishing or reorganising municipal undertakings (gas, electricity, water-works), building hospitals, road mending, the construction of railways, trams, canals, etc.

FINANCE

Hungary's National Income.—The question of Hungary's national income forms the subject of a contribution to the *Pester Lloyd* of October 10 last by Dr. Julius Szigeti. According to the calculations of Professor Friedrich von Feller, the national income of the Kingdom of Hungary before the war amounted to 6,700 mill. kronen, while the income of the part of that former Kingdom which now constitutes the State of Hungary was about 2,700 mill. kronen. Later investigations by M. Alois Szabóky, ex-Secretary of State and ex-Director of the Hungarian Central Statistical Bureau, fixed the national income at 2,000 mill. gold kronen, based on the figures for the year 1921. The national income in 1921 was thus about 24.5 per cent. lower than in pre-war times. Since that year notable progress has been made, and the national income for 1925 may be given at nearly 3,200 mill. gold kronen, or 57.3 per cent. higher than in 1921. The following table illustrates the development as from 1913 to 1925 inclusive:—

Sources of national income.	Total income (in millions of gold kronen) in the year			Relation to the total national income (in percentages) in the year		
	1913.	1921.	1925.	1913.	1921.	1925.
A. Prime production :						
1. Agricultural and live stock ...	1,625	1,420	1,916	54.15	64.90	59.89
2. Other branches of prime production ...	147	193	162	4.88	8.88	5.07
Total ...	1,772	1,613	2,078	59.03	73.73	64.96
B. Mining production	68	122	135	2.26	5.59	4.22
C. Industry :						
1. Factory industries ...	646	227	498	21.52	10.37	15.57
2. Hand industries	176	62	136	5.86	2.82	4.25
Total ...	822	289	634	27.38	13.19	19.82
D. Trade and Transport :						
1. Trade ...	129	45	100	4.32	2.08	3.13
2. Transport ...	171	42	216	5.68	1.91	6.75
Total ...	300	87	316	10.00	3.99	9.88
E. Claims abroad ...	40	77	36	1.33	3.50	1.12
Total national income	3,002	2,188	3,199	100.00	100.00	100.00
Obligations abroad	342	180	40	11.38	8.21	1.25
Net national income	2,660	2,008	3,159	88.62	91.79	98.75

This table clearly shows the changes that have taken place in relation to the sources of Hungary's national income since the war. Particularly striking are the figures of the income from the agricultural and live-stock industries, these branches having now assumed a more important position in the national economy than in pre-war times, although they always held the leading position in national activities. The relation of the mining industry to the present national income is likewise very striking; although the income from this source is still no more than 4.25 per cent. of the total income, the yield from the mining industry is about

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double that of 1913. The changes in the commercial and transport branches are very slight, so that practically no difference occurs. The yield of the industrial concerns has, however, receded, and the percentage of the total income is now much lower than before the war.

State and Municipal Loans.—The Minister of Finance has issued the following statement respecting the situation of the State Loan of the Kingdom of Hungary 1924 (League of Nations Loan) as at the end of the first three quarters of the current year (September 30):—

	Net proceeds.			Balances available.		
	In original currencies.	In gold crowns at rates on June 26, 1924.	Releases in original currencies.	In original currencies.	In gold crowns at rates on June 30, 1926.	
British tranche, £ ...	6,480,214	138,352,568.90	3,942,320.9.9	2,537,893.10.3	60,772,691.52	
U.S.A. tranche, \$...	6,000,000	29,610,000.—	4,010,382.22	1,989,617.78	9,819,053.39	
Italian tranche, Lira ...	147,560,000	31,449,275.36	104,225,060.57	43,334,939.43	8,102,503.51	
Swiss tranche, Sw. francs	24,900,000	21,742,680.—	17,830,590.—	7,069,410.—	6,744,082.52	
Swedish tranche, Swed. kr.	3,782,625	4,943,890.87	3,103,065.53	679,559.47	896,686.55	
Dutch tranche, Fl. ...	4,150,000	7,681,650.—	2,825,674.98	1,324,325.02	2,620,051.05	
Czecho-slovak tranche, C.kr.	69,195,550	10,049,855.—	69,195,550.—	—	—	
Hungarian tranche, \$...	2,021,000	9,973,635.—	2,021,000.—	—	—	
Total ...	—	253,803,555.13	—	—	88,955,068.54	= 103,057,693.76 pengös
Placed with the Hungarian National Bank from repaid balances of provisionally released amounts, Hungarian crowns ...				10,033,288,500.—	692,237.37	= 801,982.26 pengös
Balance available ...					89,647,305.91	= 103,859,676.02 pengös

Sellers rates of foreign bills (Devisen) on Budapest Stock Exchange on September 30, 1926:—

1 £	= 347,075	1 Sw. fr.	= 13,827
1 \$	= 71,530	1 Swed. kr.	= 19,125
1 Lira	= 2,710	1 Fl.	= 28,675

1 gold crown taken for 14,494 paper crowns.

With regard to the pre-war loans the municipality of Budapest has been notified by the French creditors of the acceptance of the Ostend Agreement between the City of Budapest and its foreign creditors for the settlement of the pre-war debts. Under this scheme 177,402 bonds of the French Four per cent. Loan have been presented. The agreement has now been accepted by the majority of bondholders of the British (1910) Loan, the French (1911) Loan and the German (1914) Loan. The adherence of the British and German bondholders to the Ostend Agreement was secured some time ago.

It is reported at Budapest that an agreement has been reached between the Hungarian Ministry of Finance and Messrs. Speyer and Co. of New York for a second loan for municipal public works. The total of the loan is stated to be 6 mill. dollars, redeemable in 20 years, issued at 89. The municipalities have agreed to pay 9.236 per cent. of the loan per annum to cover interest and redemption charges.

TRADE

Development of Foreign Trade, January to September.—In the *Pester Lloyd* of November 3 last Dr. Karl Kádas, ministerial secretary in the Hungarian Central Statistical Bureau, submits the foreign trade returns for the first nine months of the present year to a critical examination. He shows first of all how that the protracted economic crisis detrimentally affected the commerce and industry of all European States, the scarcity of coal resulting from the decreased output in Great Britain retarding the full development of European industry in particular. The entry of Germany into the League of Nations seems, however, to have had a beneficial effect, and a certain revival has been noticeable during the third quarter of the year.

In respect to Hungary economic life has become brisk during the last two or three months. In the middle of June the new Czechoslovak agrarian duties came into force; these duties aroused considerable alarm in economic circles in Hungary and the Government was urged to take immediate measures. The commercial

treaty with Austria came into force about the middle of August. Moreover, the order relating to the reimbursement of the turnover tax came into force on August 1 and this had a beneficial effect upon industrial exports. Taking all the disadvantageous factors into consideration, the development of Hungary's commercial exchanges with foreign countries during the present year cannot be regarded as altogether unsatisfactory. The total value of imports during the first nine months of the year amounted to 576.6 mill. gold kronen and that of exports to 495.5 millions, as against imports valued at

526.9 mill. gold kronen and exports at 474.4 millions during the corresponding three quarters of 1925. The adverse balance of trade has thus been augmented by Kr.28.6 mill. (gold). In examining these figures it should, however, be remembered that during the period under survey extraordinary exports represented a sum of 30.8 millions last year, but dropped to but 8.8 mill. gold kronen during the present year. The following table reviews the monthly results of trade in the first three quarters of the two years (in millions of gold kronen):—

	1925.			1926.		
	Imports.	Exports.	Difference.	Imports.	Exports.	Difference.
January ...	63.4	35.2	—28.2	53.3	53.5	+ 0.2
February ...	58.8	39.9	—18.9	62.7	50.3	—12.4
March ...	57.7	52.2	— 5.5	70.5	49.1	—21.4
April ...	52.6	46.6	— 6.0	61.9	43.5	—18.4
May ...	52.4	52.5	+ 0.1	58.4	49.5	— 8.9
June ...	47.4	46.1	— 1.3	60.1	53.1	— 7.0
July ...	53.6	50.8	— 2.8	64.5	47.4	—17.1
August ...	63.4	71.0	+ 7.6	68.0	70.4	+ 2.4
September ...	77.6	80.1	+ 2.5	77.2	78.7	+ 1.5
Total ...	526.9	474.4	—52.5	576.6	495.5	—81.1

As was the case last year foreign trade in 1926 showed an improvement during the latter part of the period, the last two months resulting in a small favourable balance.

With regard to the import trade, notable increases in value were registered in timber of all kinds, coal, machinery and apparatus, cotton yarn and twine, paper and paper goods, raw tobacco, raw metals, mineral oils and leather; in the case of machinery and apparatus, however, the actual quantity imported in 1926 was lower than in the corresponding period of 1925. The value of raw tobacco imports was more than doubled, while that of raw metals and mineral oils was increased in each case by about 50 per cent.; on the basis of the volume of importation mineral oils rose by about 83 per cent. Decreases were, on the contrary, registered in the importation of cotton fabrics, woollens, and ironmongery. Timber imports, representing 10.74 per cent. of the total, formed the most important item of this

trade, with cotton fabrics second at 9.65 per cent. of the total. Coal imports formed 6.15 per cent. of the aggregate value of imports.

Among exports improvements were made in the value of the trade in wheat, live stock, rye, eggs, bacon and pork fat, meat, poultry and game, wool, and electrical machinery and apparatus, the most outstanding being: wheat, which was about doubled, bacon and pork fat, which rose from 9.4 mill. to 21.4 mill. gold kronen, meat, which improved by about 75 per cent., and electrical machinery and apparatus, which increased by about 38 per cent. The trade in flour dropped very considerably, the value of exports in 1926 being only 45.1 mill. as against 77.1 mill. gold kronen in 1925, the volume falling from 1,470,629 quintals to 961,251 quintals. The exportation of sugar was likewise unsatisfactory in comparison with the figures for the first three quarters of the preceding year. Maize exports showed a slight drop in value, but increased in volume from 825,800 quintals to 1,056,068 quintals.

YUGO-SLAVIA

FINANCE

Final Accounts for the Financial Period April 1925 to June 1926.—The Chief Accounts Department of the Ministry of Finance has now issued the figures of the final State accounts for the fifteen-month accounting period from April 1925 to June 1926 inclusive, in comparison with the estimated sums. The particulars, as published by the *Revue Economique de Belgrade* (November) are as reproduced below (in dinars):—

	<i>Expenditure.</i>	
	Actual expenditure, April 1925 to June 1926.	Budgetary estimate for 1925-26.
Supreme State Authorities	1,669,878,971.54	1,945,486,272.48
Ministry of Justice ...	204,973,413.53	230,553,792.40
„ „ Education ...	557,889,494.90	582,386,439.65
„ „ Religious Affairs ...	87,263,997.21	108,628,232.52
„ „ the Interior ...	552,241,689.28	569,824,084.68
„ „ Public Health ...	268,439,539.57	294,634,809.48
„ „ Foreign Affairs ...	130,779,207.00	214,461,443.96
„ „ Finance ...	1,445,019,285.92	1,607,781,808.60
„ „ War (including supplementary credits)	2,127,620,491.70	2,213,709,366.44
„ „ Public Works ...	298,788,868.06	494,713,914.36
„ „ Transport ...	2,547,201,435.98	2,218,550,350.96
„ „ Public Services ...	298,997,262.66	379,897,472.40
„ „ Agriculture ...	190,289,996.02	273,657,144.44
„ „ Mines and Forests ...	321,204,631.59	336,947,983.48
„ „ Commerce and Industry ...	61,048,008.87	92,219,527.60
„ „ Social Welfare ...	356,812,899.64	469,245,648.52
„ „ Agricultural Reform ...	37,741,689.96	57,295,951.09
„ „ the Constitution ...	357,597.25	370,977.84
Budgetary reserve Credit	111,862,859.32	131,000,000.00
Sundry obligations ...	42,698,401.12	—
Payments from extraordinary credits ...	23,245,773.54	—
Payments in accordance with Article 239 of the Financial Law of 1924-1925 ...	9,300,976.00	—
Total ...	11,494,088,966.26	12,321,366,220.90

Excluding sundry obligations, payments from extraordinary credits and other extraordinary payments and with the sole exception of the Ministry of Transport, the actual expenditure of the different Ministries is well below the figure in the respective departmental budgets, the actual economy effected on the expenditure side of the accounts alone representing over 827 mill. dinars.

The receipts collected during this accounting period were as follows, in comparison with the estimates (in dinars):—

	<i>Revenue.</i>	
	Receipts collected from April 1925 to June 1926.	Budgetary estimate for 1925-26.
A. General Receipts:		
Customs ...	1,786,064,080.35	1,689,000,000.00
Consumption tax and duties ...	1,737,935,445.67	1,402,000,000.00
Tax on transport ...	229,161,352.36	160,000,000.00
Monopolies ...	2,498,530,088.91	2,336,050,000.00
Agio and interest ...	1,240,196.17	12,000,000.00
Tax on business turnover ...	253,983,420.61	200,000,000.00
Railways ...	2,334,075,057.38	2,088,690,000.00
Postal Savings Bank ...	28,881,651.74	9,742,000.00
Tax for disabled soldiers...	172,127,531.21	100,300,000.00
Additional direct tax 500% and 30% ...	514,341,543.06	500,000,000.00
State domains ...	68,762,717.66	176,342,400.00
Sundry revenues ...	16,848,085.02	21,040,000.00
Supply train tax (military)	52,782,898.02	50,150,000.00
Other taxes ...	865,521.40	100,000.00
Gain on coinage of money	140,000,000.00	—
B. Special revenues:		
Direct taxes and additional charges ...	1,023,193,823.85	619,202,157.00
Posts, Telegraphs and Telephones ...	437,621,690.60	423,053,400.00
State undertakings ...	109,612,834.06	144,315,975.00
State domains ...	433,779,389.42	516,348,354.00
Capital and funds ...	22,354,178.05	7,024,706.00
Sundry minor revenues...	111,571,469.45	53,091,008.00
Total ...	11,973,732,974.94	10,508,450,000.00

It will be observed that the actual receipts collected exceed the total estimated figure by over 1,465 mill. dinars. The surplus of the total revenue over the total expenditure amounts to 479,644,008.68 dinars.

The New Crafts Bank.—In accordance with the Law of the Crafts Bank passed on January 30, 1926, and the authorisation of the Minister of Commerce and Industry VI, No. 3806, of September 23, 1926, a Crafts Bank of the Kingdom of the Serbs, Croats and Slovenes is being established at Belgrade. The Bank has its headquarters at Belgrade, but at the same time it is opening a chief branch office at Zagreb, and will open other branches when need arises at Ljubljana and Sarajevo, and agencies at Split, Skoplje and Novi Sad. Agencies may also be opened in places which are centres of economic districts large enough, with the capital subscribed from the district and a corresponding State subsidy, to support such an agency. The aim of the Bank is to assist crafts and craft labour by supplying credit on favourable terms, and by setting up craft co-operatives. It will encourage the foundation of credit and other craft co-operatives, and will also grant credits to all craft co-operatives and institutions. The life of the Bank is unlimited unless Art. 81 of the Law of Limited Companies comes into force.

The Bank's initial capital is 75 mill. dinars, divided into 375,000 shares, each of nominally 200 dinars. At first 37,500,000 dinars will be subscribed. The State participates always in the capital to the extent of 40 per cent., while 51 per cent. must be subscribed by the crafts, the remaining 9 per cent. being left to subscription by friends of crafts. On subscription 20 per cent. of the nominal value of the share must be paid down, while the rest is payable in equal monthly instalments up to March 31, 1928. To cover the expenses involved in setting up the Bank each shareholder is charged 5 dinars per share on subscription. The State renounces the right to the dividend to which it would be entitled on its share of the capital.

The Bank is absolved from all State and local rates chargeable on the foundation of the Bank and the issue of shares. It is freed from State and local taxes to which companies bound to publish accounts are liable on their balance-sheets. The National Bank of Yugo-Slavia will accept the portfolio bills of the Crafts Bank for rediscount in accordance with Art. 11, clause 10 of the National Bank Law. The Bank will undertake such business as is prescribed in its statutes. Subscription opens on

December 1, 1926, and finishes on January 15, 1927.
(*Revue Economique de Belgrade*, November.)

SOCIAL AND LABOUR CONDITIONS

Vital Statistics.—According to the latest official statistics the total population of Yugo-Slavia at the end of the past year was 12,017,323 souls, of which 5,893,597 were males and 6,123,726 females. Classified according to nationalities, there were about 5,525,000 Serbs, 3,000,000 Croats, 1,024,761 Slovenes, 513,472 Germans, 472,409 Magyars, 441,740 Arnauts, 229,399 Rumanians, while 388,653 belonged to other nationalities. The results showed that 5,602,227 people belonged to the Serb-Pravoslav confession, 4,735,154 to the Roman Catholic, 1,336,687 to the Moslem, 216,847 to the different Protestant churches, 65,159 to the Jewish faith, 41,597 to the Greek orthodox, while 17,536 persons belonged to various other confessions and 2,016 were unclassified. The density of the population in the different parts of the Kingdom is given as follows (per square kilometre): in Serbia, 53; in Croatia-Slavonia, 62; in the Voivodina, 70; in Slovenia, 65; in Dalmatia, 48; in Bosnia and the Herzegovina, 36; in Southern Serbia, 32; and in Montenegro, 20 inhabitants. (*Morgenblatt*, Zagreb, Nov. 21.)

COMMUNICATIONS

Extension Railway.—The Yugo-Slav Press and national economic circles have been giving much attention to the urgent necessity of extending and co-ordinating the railway system in the country. In the letter by which he convoked a conference of various organisations and institutions to consider this problem the Minister of

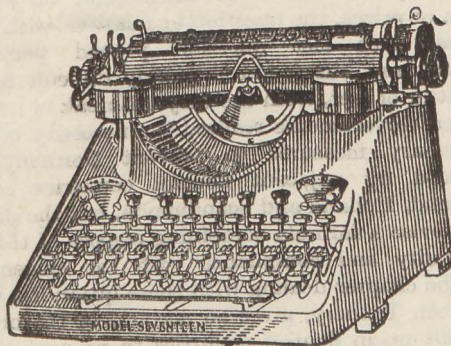
Communications declared, according to the report in the *Samooprava* of November 16, that the different railway systems which the country took over at the time of national union were not satisfactorily linked up one with another and were also inadequate to serve the needs of the country. It was necessary, he said, to unify the system. In the south-west of the country, a district which is in itself equal to a little State, there was actually no railway system at all. The lack of rail communications there was holding up the economic development of the country. The *Vreme*, under same date, publishes a memorial issued by the representatives of economic life in the Voivodina concerning the necessity of constructing further railways. This memorial urges that no obstacle should be put in the way of foreign capital in the pursuit of the realisation of this national need. The document then proceeds to enumerate the different towns and districts that need immediately to be linked up by an efficient railway system.

New Transatlantic Line.—Economic circles in Belgrade are considering the question of establishing a new national company for the Transatlantic services. The new company would be founded with Yugo-Slav capital, foreign capital being permitted to participate only to the extent of serving the national interests. According to the project at present under consideration the new company would run three vessels of a tonnage of between 10,000 and 14,000. These ships would be constructed so as to carry passengers as well as goods between Yugo-Slav ports and those of North and South America. (*Samooprava*, Oct. 28.)

CENTRAL AMERICA MEXICO.

The New Mining Law.—The regulations for the application of the new Mining Law have now been issued by the Mexican Government, which has also decided that coal, as well as petroleum, comes within the terms of the Act. The new Law provides that all minerals and precious stones that are worked for commercial profit shall be considered national property. Titles to mining lands and concessions for exploitation that were granted before May 1917 are recognised by this Act; but in future Mexican citizens will be given preference in respect of the granting of concessions. Individual foreigners may secure concessions if they renounce the protection of their respective Governments in regard to Mexican investments, but no mining concessions will in future be granted to foreign corporations. The new regulations further relate to storage, transport and the working of all ores extracted, and also stipulate that 90 per cent. of the ordinary workers and from 50 to 90 per cent. of the technical staff must be Mexican citizens.

Railway Developments.—Mr. Bertram Holloway, Acting President of the National Railways of Mexico, visited New York this summer to settle business connected with the purchase of rolling stock, the adjustment of the debt to the New York Central Railway arising from the purchase of ninety-six locomotives, the construction of the short line from Mexico City to Tampico, the prosecution of works at the port named, and various other matters. As a result of the conversations that he had with the directors of the National Railways residing in New York and with the trustees of the bondholders, Mr. Holloway obtained authorisation to float a loan sufficiently large to allow of the construction of the short line to Tampico, and permission to dispose of the lands held by the National Railways on condition that these are colonised and divided into small lots, in order to amortise part of the loan and mortgages with the product of this sale. The well-known firm of Henry Doherty & Co., of New York, specialists for Public Services' contracts in the United States, has shown special interest in this operation, and the head of the firm has had several interviews with the President of the Republic and officials of the Government.



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The surcharges added to the Goods Tariff of the National Railways on February 20, 1924, after the De la Huerta rebellion, as a necessary means for increasing the income of the company, were abolished on July 16, owing to the railways having entered upon a period of prosperity, and in order to give greater facilities for the development of traffic in the country.

FOREIGN BANK RATES.

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

THE ECONOMIST'S BOOKSHELF.

LESSONS OF THE BLOCKADE.

Les Organisations de Blocus en France pendant la Guerre (1914-1918). Produced at the instance of DENYS COCHIN by a group of his collaborators. (Paris: Librairie Plon. Price, Fr.20.)

The question of the economic and financial blockade during the war is of twofold interest: first, from a historical point of view, because in the hands of the Allies it proved a terrible and effective weapon which contributed largely to the breaking down of the enemy front both at home and abroad, and eventually to the final victory; secondly, and more so, from the point of view of actuality, seeing that it is clearly anticipated in the Covenant of the League of Nations that recourse to the economic weapon might prove an efficacious weapon against any who would again plunge the world into war. Nothing previously known to history of international warfare could have led one to foresee the magnitude or length of the conflict that broke out in 1914. Therefore the Blockade in the form in which it was developed in the course of the Great War could not possibly have been organised in advance in all its details. The state of unpreparedness of France in this respect, as in many others, was absolute, and the very fact of her unpreparedness in a matter of such importance is only another proof of what little thought, in her ardent desire for the maintenance of peace, France gave to the making ready for war.

It was only after the victory of the Marne and the beginning of the war of the trenches that France got to see that the war would be of long duration and that victory would only belong to the side that could wear out the other and itself hold out the longest. It was only then that France and England really became conscious of the importance the economic war was about to assume, and that steps were taken in both countries, as the result of an assiduous and uninterrupted exchange of views between London and Paris, to build up the immense and complicated system of the Blockade. We know what effect the economic war had on Germany. The physiological and moral depression produced by the Blockade contributed to the defeat of Germany quite as much as the invincible energy of the Entente armies, aided by the great effort of the United States.

In France the close co-ordination of the work of the various bodies engaged in the economic war was entrusted to Minister of State Denys Cochin, a member of Parliament belonging to the Right and a writer of repute. In 1916 an Under-Secretariat of Blockade was organised at the Ministry of Foreign Affairs and Denys Cochin sacrificed his status as Minister of State to undertake the duties of Under-Secretary of State for Blockade. When

the war came to an end Denys Cochin resolved to make known the French share in the work of the Blockade by the publication of a book, unencumbered with statistics and dry-as-dust documents, which would appeal to the general public. With this object in view he brought together those who had worked with him in the war and in agreement with them drafted a plan of the proposed work. This is the book that has just been published by Messrs. Plon-Nourrit, et Cie, of Paris. Denys Cochin passed away while the volume was in course of preparation, and the responsibility for the work devolved on M. Jean Gout, his close collaborator and a highly placed official at the Ministry of Foreign Affairs. Denys Cochin, however, was able to write a short preface, embodying his appreciation of the objects of the Blockade in the following terms:—"To deprive the enemy of food and munitions is an elementary war measure: a very simple measure in the case of a besieged stronghold, as in the case of Paris in 1870, but far more complicated in the recent colossal war. Still, so efficacious a measure that it can shorten, and perhaps even prevent, war. Nations, in fact, only live by trade. What is the principle of trade? To go on always exporting, and to import as little as possible. But what is the principle of the Blockade as carried out by a belligerent?—I must give up exporting, for fear of revictualing the enemy; and I must import everything within my reach so as to deprive the enemy of it. Certainly the system is costly, but it is promptly effectual."

The work is preceded by a historical survey from the pen of M. Gout. Special chapters deal with various aspects of the organisation of the Blockade: the economic blockade, the financial blockade, committee for restricting supplies for enemy trade, the work of the Customs, and the control of communications. Other chapters set out the extremely delicate questions raised by the Blockade: that of contraband of war, the question of prizes, the question of relations with neutral countries. This last question proved particularly important, and was found singularly difficult to solve. As a matter of fact, from the very outbreak of hostilities the Allied Governments realised the necessity of taking all necessary measures to prevent Germany being provisioned by adjacent neutral countries such as Switzerland, Holland and Scandinavia, but the difficulty was to devise a formula combining respect of the rights of neutrality and compliance with the exigencies of war. The chapter dealing with these questions, written by M. Jean Tannery, gives an account of the organisations built up in neutral countries to prevent the provisioning of the enemy—the Dutch Trust, the Swiss Supervising Society, etc.—of the rationing policy of neutrals, of the introduction of black lists, and so forth. The first systematic steps taken with regard to neutral countries date only from the middle of 1915, but as early as 1916 there was already a substantial reduction in the supplies furnished to Germany by neutral nations and as from the end of 1917 the Allies succeeded in cutting the Central Powers off from all really important supplies, with the exception of Swedish iron ore. A most interesting chapter is that in which Vice-Admiral Amelot recounts the efforts of Germany to break through the Economic Blockade and establish a counter-blockade of the Allies by the use of submarines, and the organised fight of the Allied navies to defeat the submarines. The last chapter deals with the physiological and moral effects of the Blockade on Germany, and the work is brought to a close with the following appreciation of this instrument of war: "We are justified in drawing this conclusion from the foregoing recital: that after a fashion less brilliant certainly than the Allied armies, but still very clearly and most unquestionably, the Blockade in itself was also one of the conquerors of German militarism."

P. A.

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.					
Jan. 16	367.9	296.6	Apr. 20	198.5	162.0	Jan. 16	174.8	171.0	April 16	148.1	143.6
May 14	391.2	325.5	July 20	177.3	156.5	Feb. 13	175.2	168.9	May 21	150.2	144.9
July 16	418.8	316.9	Oct. 19	166.0	158.1	Mar. 13	172.8	166.3	June 18	151.7	146.5
Dec. 17	257.0	263.8				April 17	161.9	162.5	July 16	153.9	148.7
1921.			1924.			May 15	158.7	159.0	Aug. 20	155.8	149.1
Jan. 14	244.2	245.9	Jan. 18	178.6	165.4	June 19	160.6	157.6	Sept. 17	152.6	150.9
Apr. 15	202.8	204.8	Feb. 15	187.9	167.0	July 17	160.3	157.5	Oct. 15	151.2	150.1
July 15	194.4	194.1	Mar. 14	182.1	165.4	Aug. 14	158.6	157.0	„ 22	149.8	
Oct. 14	170.2	180.7	Apr. 18	177.5	164.7	Sept. 18	158.3	155.1	Nov. 19	155.0	
Dec. 16	153.2	167.9	May 16	171.2	163.7	Oct. 16	154.1	153.9	„ 26	155.3	
Dec. 30	150.0		June 20	167.8	162.6	Nov. 13	153.2	153.7	Dec. 3	154.8	
1922.			July 18	167.1	162.6	Dec. 18	153.0	153.2			
Jan. 20	144.0	164.0	Aug. 15	175.3	165.2						
May 19	162.1	160.6	Sept. 19	167.9	166.9	1926.					
July 14	165.1	160.3	Oct. 17	172.5	170.2	Jan. 15	151.6	151.3			
Sept. 15	161.2	154.3	Nov. 14	173.3	169.8	Feb. 12	148.4	148.8			
Dec. 15	161.2	155.8	Dec. 12	171.7	170.1	Mar. 12	146.1	144.4			

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	118.5	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	128.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
1925.												1925.
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	Oct. 30
1926.												1926.
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	Mar. 26
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. 26 ...	110.8	187.7	60.4†	111.4	61.6	100.0	102.9	118.6	83.4	98.8	103.56	Nov. 26
Dec. 3 ...	110.8	187.5	60.4†	110.5	60.6	100.0	102.9	117.0	83.4	98.8	103.19	Dec. 3

† Nominal. * Revised Quotation.

SECURITY PRICES.

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

IN NEW YORK.				IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending	Indus- tri-als.	Bonds.*		Indus- tri-als.	Gilt edged.	Week ending	Indus- tri-als.	Bonds.*	Indus- tri-als.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7	1925, Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6	„ 17	151.8	101.9	137.8	117.5
Aug. 20	80.3	90.4		105.4	93.3	June 6	158.2	105.3	128.0	115.3
Oct. 29	91.1	92.0		91.1	94.4	„ 27	160.0	104.7	123.7	113.0
1922, Jan. 1	100.0	100.0		100.0	100.0	July 18	165.9	103.2	120.4	115.5
May 13	114.6	102.4		114.9	117.9	Aug. 1	165.8	101.5	122.2	115.7
Sept. 16	123.8	107.6		115.2	112.5	„ 22	176.2	102.5	126.3	117.3
Oct. 7	123.9	106.1		113.3	111.7	Dec. 19	188.9	103.3	130.6	112.8
1923, Jan. 1	121.7	102.5		119.5	113.3	1926, Jan. 2	195.5	103.6	133.3	113.0
Mar. 17	129.2	98.5		129.3	117.0	„ 9	196.1	103.6	135.1	113.1
„ 24	127.3	97.8		129.0	118.1	Feb. 3	199.9	104.9	132.0	114.8
Apr. 28	124.1	99.3		137.9	122.8	Apr. 17	168.7	106.9	121.8	113.3
June 9	119.7	100.8		130.6	123.5	May 18	172.9	107.2	119.5	112.5
Oct. 27	105.7	99.7		126.5	119.7	Aug. 14	205.5	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		133.7	120.4	Dec. 4	196.1	108.0	129.0	112.1

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

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FEDERATION, LIMITED,**

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WESTMINSTER, S.W.1.**

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Distilled Tar.	Solvent Naphtha.
Crystal Carboic Acid (39/40° C).	Liquid Carboic Acid (Cresylic Acid).
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Pyridine.	Pitch. Black Varnish.
Naphthaline (in various forms).	Toluole.
	Bleaching Powder (35/37%).
Liquid Ammonia.	Sulphate of Ammonin (25½% Neutral Quality).
Prussiate of Potash.	Prussiate of Soda.

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**DAUNTSEY HOUSE
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