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AND
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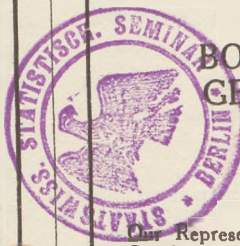
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COMMENTS

THERE is certainly no occasion to talk of an alarming or even of a serious economic crisis in France, as did the spokesman of the Communist Party in the Chamber of Deputies the other day. The fact remains, however, that the sharp rise in the franc and the prevailing uncertainty with regard to the monetary policy of the Government have put a stop to all business on the Bourse and have checked to a very considerable extent the activities of industry and trade; but all fears of over-production or of a recrudescence of speculation have now been allayed. In the circumstances the Bank of France last week decided to reduce to $6\frac{1}{2}$ per cent. the rate of discount, which had stood at $7\frac{1}{2}$ per cent. since the end of July, when, with the £ at over 200, the Bank raised the rate from 6 per cent.—at which level it had remained unchanged for a whole year—to $7\frac{1}{2}$ per cent. By enabling industry and trade now to obtain credit on easier terms the Bank of France is effectually endeavouring to counteract the first symptoms of the crisis which was naturally expected to follow the rise of the franc.

A FRANCO-HUNGARIAN commercial agreement was signed in Paris on Saturday last, and it will take the form of an amending supplement to the Commercial Convention of October 13, 1925. The new instrument will require the ratification of the Hungarian Parliament before it can come into operation. Under it France obtains tariff concessions in regard to exports of the following goods: spirits and liqueurs, champagne and other sparkling wines, certain toilet articles and perfumes, cotton thread and cloth, woollen velvets, under-clothing, and certain machines. The conditions of import of French motor-cars and parts into Hungary are subject to a new definition, and certain other conditions are laid down in regard to non-French spirits imported into Hungary and which are in competition with French products. Hungary obtains the advantage of the French minimum tariff for a certain number of articles which, up to the present, have been subject either to the general tariff or to a scale of duties between the general and the minimum tariff on entering France.

WE are in receipt of a somewhat illuminating reminder of the dangers to which a journal is exposed in reproducing surveys of the situation in foreign countries set out with every appearance of good faith by foreign newspapers. In our issue of December 10 we quoted from *The Central European Observer* an article which purported to give a fair representation of the political situation in Hungary on the eve of the general election. Judging from a communication sent to us by an esteemed

supporter now on a visit to Vienna, and on whose judgment we are in a position to place complete reliance, the article in question, apart from actual misstatements of fact, is anything but a fair presentation of the political situation in Hungary. For instance, instead of "four-fifths of the members of the new House of Peers having to be nominated by the Government, and only one-fifth having to be elected," only one-sixth of the members of the new "Upper House" can be nominated by the Government; and in respect of the alleged one-fifth to be elected, the election far from being indirect, will be as direct as any group election can be. "Every member of the Defenders of the Race group, excepting M. Gömbös," continues our correspondent, "has been opposed in the recent elections by a Bethlen candidate, and all of them appear, at the moment of writing, to have been defeated. The fight between the Bethlen Party and the Defenders of the Race Party has probably been more acute than that between any other parties. Gömbös alone was allowed to be returned unopposed, because, unlike the rest of his supporters, he displayed patriotism and moderation when the fortunes of the country were in peril. "With regard to the suggestion that the new Parliament will decide the Monarchy question in Hungary, our correspondent points out that it is quite improbable that the new Parliament, even though it manages to subsist for the full term of its normal life of five years, will take any action whatever with regard to the monarchy question. "Count Bethlen," he assures us, "is not desirous of making anyone king, and the Act of Dethronement—which, incidentally, was passed in 1921 and not in 1922—does not forbid an Habsburg candidature for the Hungarian Throne."

ONE of the conditions laid down by the League of Nations in authorising the Bulgarian Refugee Loan, which was successfully offered to the public last Wednesday, was that the Bank of Bulgaria should undergo certain alterations by way of reorganisation. A law embodying such a scheme was passed a few days since, and its provisions will come into force on January 1, 1927. The bank is to retain a strictly national character, and in this respect the reorganisation differs somewhat from schemes recently effected in other countries where foreigners have been permitted to join the boards of directorate. The object of the present legislation is to enable the National Bank of Bulgaria to perform the functions of a modern central bank. Its main task will be to maintain the stability in terms of gold of its note issue, and the procedure to be followed in order to achieve this end has been defined in very precise terms.

The bank is to give up its mortgage and long-term investment business. In future, such transactions will be carried out by separate institutions, namely, a mortgage bank and an industrial bank. The minimum cover for the notes issued is fixed at 33½ per cent., but the bank undertakes to bring it up to 40 per cent. The cover will consist of gold, silver, foreign currencies, and certain liquid securities. In order to hasten the repayment of the State's indebtedness to the bank, the State's share of the profits made by the bank, as well as any profits arising out of the coinage, are to be added to the sinking fund. A distinctly novel departure is made in the composition of the board of directors, it will in future include a representative from each of the following activities: agriculture, commerce, industry, and private credit. The local councils of the bank are to be suppressed. The new law also drastically curtails the power of the bank to make fresh loans to the State. For example, the amount of Treasury Bills which may be discounted at six months is restricted to 300,000,000 levas. The control of the State over the bank is to be exercised through a delegate and not by means of a committee.

SWEDISH imports during the month of November amounted to 719,000 tons, as against 615,000 during the month of October this year and 832,000 tons in November last year. Customs duties amounted to 14,600,000 kronor during November, as against 11,900,000 kr. during October and 12,100,000 kr. during November, 1925. Swedish exports during the month of November amounted to 1,512,000 tons, as against 1,535,000 tons during October and 1,485,000 tons in November of last year. The export of timber from January to the end of November this year amounted to 3,394,000 tons as compared with 3,389,700 tons in the corresponding period of last year, and the export of paper and pulp from January to the end of November this year amounted to 1,670,000 tons, as against 1,587,000 tons in the corresponding period of last year. The export of minerals from January to the end of November amounted to 8,177,000 tons, as against 9,932,000 tons in the corresponding period of last year.

THE Egyptian Government has made an announcement to the effect that, in order to fight the speculators, it has decided to purchase all the January contracts for Sakellarides cotton offered on the Alexandria contract market at 23½ dollars per cantar, and all the December and February contracts for Ashmouni at 15½ dollars per cantar, with the intention of insisting upon delivery being made in every case. It is to be observed that so far the Sakellarides January contracts have only once and Ashmouni December and February contracts only three times touched recently the Government limit, and have consistently remained, and at present are, well above that limit. It is evident that the Committee responsible has fixed the price of the Government entry into the contract market at this low level in order to render as remote as possible the necessity for the execution of the obligation that was laid by Parliament on the Government. In connection with the above the Egyptian Legation in London has issued the following statement: The Egyptian Parliament has just made a decision to the effect that the Government should intervene in the cotton contract market. This decision, which has no speculative character, has as its sole object the formation of a barrier to oppose all attempts of lowering cotton prices to an abnormal and unjustifiable level. Furthermore, contracts of purchase are subordinate to the actual delivery of the goods at the day of maturity. Nor has this decision any purpose of exercising any pressure on the market to raise prices artificially; on the contrary, it tends to purify the market, and to combat certain local elements which influence it and which are alien to the other world-wide factors. It is these manoeuvres of local speculation and certain abnormal conditions of the market which the Egyptian Government wish to combat. It is not only the Egyptian producer who will

find himself protected by this measure against the consequences of such manoeuvres, but the spinner himself will profit equally by it for it will assure him a more stable market freed from all artificial elements.

A RETURN published by the Ministry of Transport contains figures of the number, etc., of motor licenses issued from December 1, 1925, to November 30, 1926, and of the tax collected during that period in Great Britain, together with the approximate number of licences current on November 30 last. The total gross receipts shown in the returns amount to £19,032,682. Rebates allowed in respect of pre-1913 engines in the same period amount approximately to £87,000. The sum of approximately £192,000 was refunded in respect of the surrender of 35,058 licenses, under section 18 (1) of the Finance Act, 1924. The return points out that the gross receipts will be subject to still further deductions in respect of other refunds consequent upon statutory provisions. The total number of motor vehicles, exclusive of tramcars and trade licenses, in respect of which licenses were current on November 30, 1926, it is stated, may be taken as 1,519,000, including 643,000 cars taxed on horse-power, 498,000 cycles, 257,000 commercial goods vehicles, and 83,000 motor hackneys. The average receipt in respect of a whole-year license was £14 17s. for cars taxed on horse-power basis; £2 14s. for motor-cycles; £21 0s. 6d. for commercial goods vans; and £33 18s. 6d. for motor hackneys. Included in the total gross receipts is a sum of £569,904, under the heading of miscellaneous receipts, and in it figure driving licenses, arrears of duty, and fees for lost licenses.

THE wool manufacturing industry in Australia shows signs of healthy development. The number of mills amounts to 52, of which 29 are in Victoria, 11 in New South Wales, 7 in Tasmania, 2 in Queensland, 2 in South Australia and 1 in Western Australia. In the wool season ended June 30 last they bought 164,530 bales as compared with 113,498 in 1924-25, 141,931 in 1923-24, 164,372 in 1922-23, 138,078 in 1921-22, and 89,787 in 1913-14. This year's purchases are the largest on record, and are likely to go on increasing under the present tariff, which only came into force in September 1925. As a rule new mills import all their machinery from England, and generally bring out a complete staff of foremen and skilled operatives to train the local labour. The output consists of tweed and other woollens, flannel, blankets and rugs, the quality of the first-grade white blankets being exceptionally fine, while the steamer rugs produced are of excellent quality and very little inferior to the well-known New Zealand article. In addition to the mills there are some 225 concerns engaged in the manufacture of hosiery and knitted goods, but in 1923-24 only 23 employed 100 operatives and upwards, while 6 had less than 20 each. The tendency, however, is for the larger establishments to absorb the smaller ones, and towards the expansion of productive capacity rather than the starting of new enterprises. Only one company is at present engaged in spinning cotton yarns mainly for use in the production of other textiles, but under the new graduated scale of bounties more attention is likely to be devoted to this side of the industry. As a result of the recent Parliamentary enquiry into the industry it was shown that the spinning capacity of the Australian mills is equal to an annual consumption of 2,000,000 lb. of cotton lint, while the total Australian requirements of cotton yarns are at present about 6,500,000 lb., of which 1,500,000 are supplied locally. Australian imports of textiles in the fiscal year ended June 30 last amounted to a value of £34,215,308, as against £37,635,173 in the preceding twelve months; and as a result of the increased duties on wool fabrics British exports of woollens to Australia showed a reduction of 19 per cent. and worsteds one of 26 per cent. in the first ten months of the year as compared with the corresponding period of 1925.

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.)

WHO BUYS FOREIGN BONDS?*

By DWIGHT W. MORROW.

A few months ago I was reading a *Chicago Tribune* on the train. With some surprise I found recorded on the financial page the listed prices of 128 different issues of foreign bonds. I have a great respect for the judgment of the newspapers. They print the news that they think people are interested in. When I noticed that this great newspaper which serves the Middle West was recording daily the market transactions in 128 different issues of foreign bonds, it seemed to me a fact of some significance. I found myself speculating as to the number of issues of foreign bonds which had been quoted by the *Chicago Tribune* in the edition published exactly ten years before the date of the paper which I was reading. I subsequently learned from the Editor that the number was six. The comparison between the number of foreign issues quoted then and now is an interesting commentary on what has happened in the field of foreign bond investment in the past ten years.

Examining that long list of 128 foreign bonds in the *Tribune*, I discovered that governments, municipalities or corporations of some 30 different countries were represented—countries scattered all over the world. The list included the countries of our own hemisphere, Canada, Cuba, Argentine, Chile, Peru, Bolivia, Uruguay; nations abroad with whom we fought and against whom we fought, Great Britain, France, Italy, Germany, Austria, Hungary; governments in the Far East such as Japan and the Dutch East Indies; and cities as widely separated as Copenhagen and Montevideo, Tokio and Marseilles.

The contemplation of the extent and variety of America's investment in foreign bonds gives rise to three questions: Who buys these bonds? Why do they buy them? What do they get when they have bought them?

Who buys foreign bonds? This may seem to be an easy question to answer, but it is not. When a foreign loan is offered to American investors, the managing house in New York, or Boston, or Chicago enlists the co-operation of perhaps five hundred or a thousand investment bankers scattered all over the United States. It is the function of the local investment banker to find the man or woman with savings and to show that man that it is to his interest to exchange his savings for the promise of a foreign government. It is this ultimate saver who really extends the credit to the foreign government. The managing house rarely meets the ultimate buyer of the bonds: it is to the five hundred or thousand investment houses that we must go to find his name and characteristics. These investment houses have developed their own clientèle of investors. That clientèle is changing constantly, dependent upon the character and the ability of the investment house and the record for successful judgment that it has established. Moreover, it is considered somewhat impertinent for one to ask an investment house to whom the bonds are sold, as such information is carefully guarded. The local investment bankers have tried to teach certain people to save, and they expect to attract the future savings of these people by selling them more bonds. They do not want investigators prying into that part of their business without a very good reason.

In the summer of 1924, when I was asked to speak at Williamstown at the Institute of Politics, I tried to find an answer to this question of who buys foreign bonds.

Taking two recent foreign government loans, the issue of which had been managed by the firm of which I have the honour to be a member, we inquired of three investment houses doing business in different parts of the country as to the number of persons to whom they had sold these bonds. The loans were the \$25,000,000 Austrian Government Guaranteed Loan and the \$150,000,000 Imperial Japanese Government External Loan of 1924. The results of our enquiry showed that through these three houses 409 people participated in the Austrian Loan, the average investment of these 409 people being \$2,350. Through the same three houses 1,741 people participated in the Japanese Loan, the average investment of these 1,741 people being \$3,100.

The results of the inquiry as presented to the students of international relations at Williamstown seemed to be of interest, and later in 1924, at the request of the President of the Investment Bankers Association, we extended the inquiry to 24 houses (still covering only the Austrian and Japanese loans, however). This investigation confirmed, in a general way, the results of the earlier one. For one thing, it disposed of the idea that offerings of foreign bonds are taken solely by wealthy individuals or large institutions. It showed, on the contrary, that these foreign bonds are being bought by large numbers of persons of moderate means. The 24 houses had 2,965 customers who made an average investment of \$2,994 each in the Austrian bonds. The 24 houses had 8,211 customers who bought Japanese bonds, making an average investment of \$3,905 each.

Finally in the spring of 1926, we broadened the inquiry by obtaining a similar analysis of their sales of three additional foreign government loans. The results of the earlier enquiries might perhaps be subject to criticism by statisticians, because they covered so few bond issues and because, particularly as to the first inquiry, so small a "sample" of the investment houses which distributed the loans was taken. But in this latest inquiry five loans aggregating \$380,000,000 were covered. Moreover, the 24 houses sold an aggregate amount of \$91,031,800 of these five issues, or about 25 per cent. of the total amount. These 24 investment houses who courteously furnished us with the sales analysis which we sought are located in different parts of the country, from Portland, Maine, to Portland, Oregon, and from Minneapolis to New Orleans. From our knowledge of the character and distributing ability of the investment houses of the country, we feel reasonably confident that these houses selected for analysis constitute a fairly representative cross-section of the entire group of investment houses throughout the country.

Our analysis of the sales of these 24 houses covered five separate foreign government loans, the issue of which was managed by J. P. Morgan & Co., alone or with associates. These loans were offered to the American public within the past three and one-half years: the \$25,000,000 Austrian 7's in June 1923, the \$150,000,000 Japanese 6½'s in February 1924, the \$110,000,000 German 7's in October 1924, the \$45,000,000 Argentine 6's in June 1925, and the \$50,000,000 Belgian 7's in June 1925. The results of this inquiry are shown in the table printed on the following page.

This table shows, first, the proportion of each issue sold by the 24 houses. Next is shown the total number of sales and the total amount sold of each issue by the 24 houses, and the average amount of each sale made by the 24 houses. If we may assume that these houses constitute an adequate "sample," we may extend these figures to cover the entire amount of each issue and obtain the following results:—

* Reprinted from *Foreign Affairs* (January 1927), an American quarterly review, New York, by special permission of the Editor.

Distribution of Five Foreign Government Bond Issues by 24 Representative American Bond Houses.

	\$25,000,000* Austrian Government Guaranteed Loan 7% Bonds (June 1923).	\$150,000,000* Japanese Government External Loan 6½% Bonds (February 1924).	\$110,000,000* German External Loan 7% Bonds (October 1924).	\$45,000,000 Government of the Argentine Nation External 6% Bonds (June 1925).	\$50,000,000 Kingdom of Belgium External Loan 7% Bonds (June 1925).
<i>Proportion of Entire Issue Sold by the 24 Houses</i>	35.5%	24.4%	22.2%	33.0%	21.3%
<i>Total Sales:—</i>					
Number of sales	2,965	8,211	7,654	3,431	2,832
Amount sold	\$8,876,800	\$32,069,200	\$24,428,300	\$14,872,500	\$10,785,000
Average amount of each sale	\$2,994	\$3,905	\$3,194	\$4,335	\$3,808
<i>Sales \$100 to \$5,000:—</i>					
Number of sales	2,671	7,265	6,952	2,724	2,453
Per cent. of total number	90.1%	88.4%	90.9%	79.4%	86.6%
Amount sold	\$5,579,900	\$14,170,800	\$13,099,900	\$6,350,500	\$5,541,500
Per cent. of total amount	62.9%	44.2%	53.6%	42.7%	51.4%
<i>Sales \$5,100 to \$10,000:—</i>					
Number of sales	207	600	433	532	269
Per cent. of total number	6.9%	7.4%	5.6%	15.5%	9.5%
Amount sold	\$1,761,900	\$5,305,300	\$3,847,400	\$4,132,500	\$2,483,500
Per cent. of total amount	19.8%	16.5%	15.8%	27.8%	23.0%
<i>Sales over \$10,000:—</i>					
Number of sales	87	346	269	175	110
Per cent. of total number	3.0%	4.2%	3.5%	5.1%	3.9%
Amount sold	\$1,535,000	\$12,593,100	\$7,481,000	\$4,388,500	\$2,760,000
Per cent. of total amount	17.3%	39.3%	30.6%	29.5%	25.6%

* Part of a larger international loan.

Name of issue.	Indicated total number of buyers.	Indicated average amount of each sale.	Name of issue.	Per cent. of the total number of buyers who took \$5,000 or less.	Per cent. of the total amount of the issue purchased by buyers who took \$5,000 or less.
Austrian 7's	8,350	\$2,944	Austrian 7's	90.1%	62.9%
Japanese 6½'s	38,412	3,905	Japanese 6½'s	88.4%	44.2%
German 7's	34,440	3,194	German 7's	90.9%	53.6%
Argentine 6's	10,381	4,335	Argentine 6's	79.4%	42.7%
Belgian 7's	13,130	3,808	Belgian 7's	86.6%	51.4%

The above figures confirm those of the earlier inquiries as to the large number of sales made and the moderate average amount of each sale.

The large table above next shows a classification of the sales of the 24 houses into three groups according to the size of the sale made. That we are dealing with a multitude of small investors rather than with a few large investors is further demonstrated by this classification of the sales. It will be seen that from 80 to 90 per cent. of the number of sales in the case of each issue were made to investors whose purchases were limited to \$5,000 or less. Only from 3 to 5 per cent. of the number of sales for each issue were made in amounts over \$10,000. It is clear that in number the large investors were relatively unimportant.

But the consideration of only the number of small and large investors might present an exaggerated impression of the importance of the small investor. This is unnecessary, as he is quite important enough without any exaggerating. There is, obviously, a difference between a comparison of the number of small and large investors and a comparison of the aggregate amounts purchased by each group. The number of small investors might be very great, but a few very large sales might still result in making the large investor the more important factor in disposing of an issue.

Our analysis of the sales of the 24 investment houses also covered, therefore, the aggregate amount of bonds sold to investors in each of the three groups, from which could be ascertained the ratio which the aggregate amounts sold in each of the groups bore to the total amounts of each issue sold by the 24 houses. Examining them, we see that a good deal depends upon where the line is placed between the small and the large investor. If we draw the line at \$5,000 it is apparent that, while the group of large investors taking more than \$5,000 each is relatively small in number, it is by no means negligible with regard to its aggregate purchases of foreign loans. Comparing the two groups, both on the basis of number of buyers and on the basis of the total amounts of the issues purchased, we have the following summary from the figures:—

I present all these statistics with some hesitation because they necessarily are based upon a method of sampling and I well realise how difficult it is to obtain representative samples for any statistical work, and how difficult it is to draw proper conclusions from such samples without danger of distortion. Having made such reservations, however, it would seem reasonable to draw the conclusion from the statistics presented, that more than 85 per cent. of the people who bought these foreign bonds purchased them in small amounts ranging from \$100 to \$5,000, and that approximately 50 per cent. of the total amount of these foreign issues was purchased by these small investors.

The investment of these foreign loans represents the savings of the person who spends less than he produces, and thus creates a fund which he is able to turn over either to a domestic or to a foreign borrower if he is satisfied with that borrower's promise. These savers live all over the United States. When we talk about the person who is investing in foreign bonds we are not talking about a great institution in New York or Chicago or Boston. We are talking about thousands of people living in all parts of the United States. We are talking about school teachers and army officers and country doctors and stenographers and clerks. The man who invests in a foreign bond may be rich or he may be poor. That is all according to our standard. Fundamentally, however, he is a person who has saved something, who is doing without something to-day in order that he or his children may have something to-morrow. Before he invests in the bond he has money which gives him a present command over goods and services. He is willing to transfer this present command over goods and services to the borrower, thereby giving to the borrower the right to buy goods and services. Of course, the investor resumes the command of goods and services at some future time when he is repaid his loan.

The person who invests in foreign bonds is probably the same person who invests in domestic bonds. All that the investment banker in a large city or in a small city does, all that an international banker does, is to gather up little rivulets of savings and put them at the disposition of somebody who needs the capital and is

willing to make a dependable promise to pay interest upon that borrowed capital from time to time and to repay the principal at the due date. The answer to the question about who buys foreign bonds is clear. The purchasers are people all over the United States who are investing their savings. If the investment in these bonds is helping American foreign trade, it is this saver of money who should be thanked. If the investment in these bonds is helping the restoration of the rest of the world to a normal condition, it is this saver of money who is entitled to the credit.

(To be continued.)

THE ELECTRIFICATION OF SOVIET RUSSIA.

(From our Russian Correspondent.)

Among the many watchwords inscribed on the red flags of the Bolshevik Revolution was "Electrification of the Country!" Electrification, of course, is a subject which lends itself to the embroidering of grandiose projects that appeal to the imagination of the multitude: maps were drawn showing the whole territory of the Union of Soviet Socialist Republics dotted all over with electric stations; in the imagination of the draughtsmen light and power penetrated into the uttermost corners of the country and into the smallest villages, increasing tenfold the working power and improving beyond measure the conditions of work; a Russian Electrification Commission known as the "Goerlo" was appointed, and in 1920 it drew up a detailed scheme for the electrification of the country. In the words of Lenin: "We cannot proceed to the actual work of construction without a plan of electrification ready prepared. Without a vast general plan it is impossible for us to talk of the reorganisation of agriculture, industry and transport, or of their harmonisation."

Six years have now elapsed since the "Goerlo" drew up its first scheme for the electrification of Russia. With what result so far? A special meeting has just been held of the Council of Commissaries of the People to deal with the question. G. M. Krgijanovsky, President of the "Gosplan," began his report on the results already achieved and on the prospects of the electrification of the Union of Soviet Socialist Republics with a statement emphasising the importance of the work of electrification, which will not only provide a new basis for the development of the Soviet economic régime, but will at the same time enable them to solve the grave question of the fuel supply, the centres for which—the Donetz Basin for coal and the Caucasus for petroleum—are too far removed from the industrial centres of the country: the railways are so congested with rolling stock for the transport of fuel that with the development of industrial production the means of transport may well prove absolutely inadequate within the next five years. Speaking of what has actually been accomplished so far in the matter of electrification, M. Krgijanovsky said: "We began the construction of large electric stations, such as Volkovstroy, without the necessary circumspection and without sufficient experience. Our technical and financial plans were not equal to the task. There were cases where twice as much time and five to ten times as much money was required to build a station than had been provided for in the plans. The scheme laid down in 1920 and confirmed by the Government has not been realised." M. Krgijanovsky looks for the chief success of electrification to the solution of problems which, allowing for their importance, only bear on the means of execution—a better use of peat for stocking and the development of a motor and turbine construction.

The other member who presented a report, A. Gozeff, representing the "Glavelectro," characterised the present position of the Union from the point of view of electrification as "absolutely unbearable," and as calling for the most active measures with a view to its rectification. The problem to be solved during the financial year

1926-27, he stated, meant the liquidation of the acute crisis with regard to the supply of electric power which now prevails in the two most important industrial centres, Moscow and Leningrad. In his opinion, during the two next years this crisis will extend over the Midlands, the Ural and the South, that is to say over the chief industrial centres of the Union. The increase of power of the electric stations called for the supply of new machinery and new plant, and failing compliance with this condition within reasonable time it might readily be anticipated that by the end of 1925 the situation would be nearing a catastrophe, and further, allowing for an improvement in the state of affairs, that the crisis could only be liquidated about the end of 1929.

Take the situation as it presents itself at Moscow and at Leningrad. The position may be considered as more or less normal when the mechanical power exceeds the requirements by not less than 15 per cent. But in Moscow in 1926 the requirements amounted to 180,000 kw., while the power was only 167,000 kw.; in 1927 the requirements will be 230,000 kw. as against a power of only 206,000 kw. In both years, therefore, we are faced with a shortage. In 1928 there will be a surplus of power, but under 15 per cent.; requirements, 280,000 kw.; mechanical power, 302,000 kw. At the same time, it must be remembered that the development of mechanical power is not yet a reality, but only an estimate which may not be wholly realised. In Leningrad the position is somewhat better, though still far from being normal. In 1926 the requirements amounted to 140,000 kw., while the mechanical power was 143,000 kw.; in 1927 the figures will be 180,000 kw. and 208,000 kw. respectively, and in 1928 210,000 kw. and 238,000 kw. Even so the normal surplus of 15 per cent. will not have been reached.

The following fact will serve to illustrate the position. A large building has been erected in Moscow for the offices of the Chancellery of the "Gostorg" (State Department of Commerce). When the Gostorg applied for a supply of electric light to the new premises the answer came that the shortage of mechanical power of the electric stations did not allow of a supply of light to new subscribers. Moreover, it is notorious that, with a view to saving light, public departments are compelled to close earlier than was customary in the past. Besides, a mere statement of the mechanical power is not sufficient to convey a true idea of the situation. The condition of the plant, often old and worn out, is likewise a matter of importance. Quite recently, for instance, serious damage was revealed in the Leningrad electric power stations. The lighting of the city was disorganised, work in the factories had to be stopped, the tramway service had to be curtailed. A Committee of enquiry declared that most of the turbines had been working for over 60,000 hours, whereas the maximum run of a turbine does not exceed 40,000 hours, while of the total of 35,000 kw. of turbines only 15,000 kw. were in a position to continue working, the balance having to undergo extensive repairs or to be replaced.

At the present moment the aggregate power of the electric stations of the Union of Soviet Socialist Republics is slightly over 1,600,000 kw., whereas, according to the programme of extension for the next five years, it should reach a total of 2,010,000 kw. in 1932. But to what extent does the present power of the stations meet the requirements of the people? In a special supplement of the *Economicheskaya Jisn* of 1925 devoted to the question of the electrification of Soviet Russia we find the following statement: "One hundred kw. per inhabitant may be taken as the average power to be reached for the Union. The total power, therefore, of the stations for the whole of the Union should be 14,000,000 kw., whereas the power of the stations, which in 1926 will amount to 1,771,687 kw. [as a matter of fact, we have already seen that this figure was not reached], represents only 5.8 per cent. of the requirements of the country."

With certain reservations, however, in respect of the above, it is impossible not to recognise the undoubted use of the movement in the country in favour of electrification, of the plans worked out, or of the effort already made. But this effort, very modest at the best, in no way justifies the unbridled bragging lavished upon it. It may even be said that all this brag has greatly impaired the reasonable distribution of the effort: for the sake of striking the public imagination they turned their attention to the erection of the high power station of Volhovstroy, spending on it the enormous sum of close on a hundred millions of roubles, while centres like Moscow and Leningrad were neglected because the available resources were absorbed by works largely undertaken for the purpose of advertisement.

During the years following the war other countries have made great efforts in the matter of electrification, much greater even than those made by the Union of Soviet Socialist Republics, but they were not undertaken for the purpose of self-advertisement, nor were they described as works of a grandiose or revolutionary character. For example, this is what Mr. J. R. Cahill, Commercial Counsellor to His Britannic Majesty's Embassy in Paris, wrote in his Report on the Economic and Industrial Conditions in France (July 1925) on the electrification of that country: "The unbroken prosper-

ity that has attended the French electrical industries since the War has been, and is being, fully maintained; it is a result not only of the requirements of the two main railway systems and other minor lines for their electrification programmes, of the creation of large and small power stations, whether water-power (as in the Pyrenees, the Savoy, Provence or the Centre) or thermic (in the mining regions of the north or east and elsewhere), but also of the general advance in electricity utilisation in farm, factory and home. It may be again noted that whereas in 1911 only 2,000 communes in France were provided with electricity, there were in 1918 6,820, in 1922, 8,200, in 1923 10,000; in 1925 the number reaches 12,000. At the present time, producers and distributors of electrical energy represent 4,500 millions of capital and employ over 25,000 workmen. There are 109 central stations of at least 10,000 kilowatts capacity, with a total capacity of three million kilowatts; those of under 10,000 kw. capacity are estimated to possess a total minimum of 500,000 kw. Consumption per head of population is increasing at the rate of 20 per cent. a year. A total capital of 2,000 millions (1913, 300 millions) is now invested in the enterprises engaged in the manufacture of electrical material and the value of its present annual output is estimated at a minimum of 1,500 millions (1913, 200 millions)."

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.)

FINLAND

POLITICAL AND GENERAL

The Government Crisis.—The Kallio Minority Government, consisting of the Farmers' Party and the Finnish Right, has been very ill at ease for some time past and was finally forced to resign on November 24 in consequence of a vote of no confidence following on an enquiry in connection with the Government's relations with the Riihimaki ammunition factory. The latter is a private factory, established in 1919, the management of which is accused of certain irregularities, partly in regard to the supply of cartridges to the Army and the Civil Guards, and partly in connection with the manner in which its accountancy appears to have been carried on with the intention of misleading the taxation authorities and shareholders. The legal authorities are at present investigating the business of the factory, and as its works were under public control the case has been taken up as a political question. There were 84 votes in favour of the Government's explanations, while 108 members, including about a dozen of the Government's followers, passed a vote of no confidence. The Minister of Defence gave a report of the Government's attitude towards the deliveries to the Army, from which it appeared that the Government had done its best to protect the interests of the State in the matter of such supplies. There have for some time been dissensions within the Government, the Farmers being dissatisfied at the lack of support given to their claims by the other parties included in the Government, who in their turn would be glad to be rid of the Farmers, who have hitherto formed part of every Parliamentary government and constitute one of the most influential parties in Finland. It is not yet certain who will form the new Government, but as the Swedes and Socialists were mainly responsible for the fall of the present Cabinet it is now expected that the Socialists will decide to depart from the passive attitude hitherto adopted by them and undertake the responsibilities of office, which they have not done since the Red

Revolt of 1918. In that case they would require the support of one of the bourgeois parties, most probably the Swedes. A coalition of the three Finnish bourgeois parties is also possible, while there is a third alternative of forming a Government of officials. (*Wirtschaftsdienst*, November; *Mercator*, Dec. 3.)

Changes in this Year's Budget.—The Riksdag usually passes the Budget for the coming year in December. It has, however, become customary for this budget to be exceeded in the course of the year, and such surplus expenditure or altered revenue is included in the supplementary budget which the Government brings in in the autumn. This year there will be two supplementary budgets, one called for by the new Government loan, and the other by the additions the Riksdag has already made during the year for various purposes and by requirements that the Government considers necessary to provide for towards the end of the year. The new Government loan, which brought in a net amount of Fmk.535.4 mill. is now to be disposed of supplementary to the Budget of 1926, which the Riksdag is about to pass. The Government appears to be quite unable to decide upon the purpose to which this loan is to be applied. The high rate of interest puts it out of reach of agriculture and shipbuilding for credit purposes, while by the time the authorities have passed the proposal to utilise a part of it for paying off the Norwegian loans before the krone regains parity the Norwegian currency will have long ago been restored to its former status, and the opportunity will be lost. The financing of the Imatra Power Station and the laying down of a telephone system between Helsingfors and Stockholm are two other suggestions for the utilisation of this loan, which will increase the Finnish National Debt to Fmk.4.5 milliard.

The Government has also brought in the "ordinary" supplementary budget for 1926, showing that the Riksdag has so far in the course of the year passed fresh appropriations above the Budget for Fmk.41.1 mill. Now the Government is asking for a further Fmk.107.3

mill. to balance this year's Budget. More money is required for pay to petty officials and for purposes of defence, commercial shipping, new construction on existing railways, etc. No less than Fmk.49 mill. is required for Government support for national education, Fmk.15 mill. for the Government sale of spirits, Fmk.15 mill. for the National Debt and Fmk.6 mill. for prisons.

At the same time considerable changes are expected to occur in the revenue, though the total is not likely to be reduced. Thus revenue from Customs is estimated to bring in Fmk.100 mill. less than was provided in the Budget, and other items are likely to be below the Budget estimate. On the other hand revenue from Forests will be Fmk.15 mill. greater, from the railways Fmk.30 mill. greater, from income and property tax Fmk.15 mill. greater, and so on. As the total estimated revenue remains unchanged, it will be necessary to take the proposed supplementary expenditure from the cash reserve of the State. This cash reserve amounted at the end of 1925 to Fmk.897 mill., but according to present calculations it will be reduced at the end of this year by Fmk.223.5 mill. to Fmk.673.5 mill. (*Mercator*, Nov. 12.)

FINANCE

The Balance of Payments.—The Central Statistical Office has now calculated Finland's balance of payments for 1925. As similar calculations have been made for 1922, 1923 and 1924, it is possible to obtain a review of Finland's balance of payments over four years. In very condensed form the calculations are as follows (in millions of Fmk.):—

	Revenue.			
	1922.	1923.	1924.	1925.
Exports	4,467.6	4,392.5	4,970.6	5,573.5
Other income	466.2	529.6	618.4	688.2
Total	4,933.8	4,922.1	5,589.0	6,261.7
	Expenditure.			
	1922.	1923.	1924.	1925.
Imports	3,969.9	4,600.3	4,715.5	5,519.5
less marine transport insurance paid to Finnish companies	20.0	23.0	23.1	27.0
Net imports	3,949.9	4,577.3	4,692.4	5,492.5
Other expenditure	581.1	670.3	749.5	868.0
Total	4,531.0	5,247.6	5,441.9	6,360.5
Surplus	402.8	—	147.1	—
Deficit	—	325.5	—	98.8

The group "Other income" was composed in 1925 as follows: Harbour, lighthouse, pilotage and other dues, Fmk.35 mill.; shipping freights, Fmk.170 mill.; seamen's remittances, Fmk.5 mill.; foreign travellers in Finland, Fmk.128 mill.; insurance premiums and claims, Fmk.84 mill.; Post Office, Telegraph Office and State Railway revenue from abroad, Fmk.26.9 mill.; expense of representatives of foreign powers in Finland, Fmk.10 mill.; and interest from abroad, Fmk.38.3 mill. (of which Government interest represented Fmk.5.3 mill. and bank interest Fmk.33.0 mill.).

The group "Other expenditure," on the other hand, has been calculated as follows for 1925: Smuggling, Fmk.70 mill.; Post Office, Telegraph Office and State Railways expenditure abroad, Fmk.20.6 mill.; representation abroad and Finland's share in international expenses, Fmk.26.8 mill.; travel abroad, Fmk.108.0 mill.; insurance premiums and claims, Fmk.90 mill.; and interest and redemption of bonds, Fmk.552.6 mill. (of which Government Fmk.329.6 mill., banks Fmk.23.0 mill., and municipal and private companies Fmk.200 mill.). Thus the loans taken up or repaid in the course of the year have not been taken into account with the exception of the redemption of bonds. No attempt has been made to give a picture of the actual payments made between Finland and foreign countries during the period under review, but an endeavour has been made to demonstrate how Finland's balance of payments would have stood if all the payments had been made in

cash. The figures show a deficit of Fmk.100 mill. for last year, though over the whole period of four years the surplus amounts to Fmk.549.9 mill. and the deficit to Fmk.424.3 mill., leaving a net surplus for these years of Fmk.125.6 mill. It is of no great importance if the balance of payments in any one year proves unfavourable provided the final result over a longer period is favourable.

Comparing the separate items in the calculations for 1925 and 1924 it will be seen that the value of exports has greatly increased and a rise has occurred in the revenue from shipping freights and foreigners' travel in Finland. Interest, too, has increased to an apparently large extent, owing principally to the appreciable growth in the interest earnings of the Bank of Finland. On the revenue side it is only emigrants' remittances that have fallen off, although to a very small extent.

The value of imports has risen to a great extent, but the most considerable increase has occurred in the "redemption of bonds and interest." This was owing to the rise in the rate of exchange of Norwegian and Danish crowns, which involved fresh expenditure on interest for loans. On the other hand the figures for smuggling, travel abroad and insurance premiums have been reduced. (*Mercator*, Nov. 5.)

TRADE

Foreign Trade Returns January to October.—*Wirtschaftsdienst* (Nov. 5) publishes a comparative table of Finnish imports and exports in the first ten months of the current year as compared with 1925, which shows the following development (in millions of Fmk.):—

	Imports.		Exports.	
	1925.	1926.	1925.	1926.
January	321.3	287.2	240.4	197.2
February	285.0	272.5	221.4	181.3
March	399.0	383.0	230.0	228.9
April	403.6	481.5	258.6	279.3
May	438.5	485.2	457.7	486.8
June	454.5	512.9	545.6	580.7
July	458.6	471.9	802.0	851.4
August	448.3	499.5	687.9	649.3
September	536.8	537.2	702.0	647.0
October	531.1	572.0	607.3	712.0
Total	4,276.7	4,502.7	4,752.9	4,612.7

The balance of trade for October shows Fmk.572 mill. in imports and Fmk.712 mill. in exports, so that there was a favourable trade balance of Fmk.140 mill. These figures indicate that foreign trade has never before been so active during October, either in regard to imports or exports. This is probably due to the fact that imports were delayed during August and September. Exports for the first ten months of this year, however, were not so large as in the corresponding period of 1925. A favourable balance of trade has nevertheless been secured again this year, and as exports appear to be very lively during November the balance of trade for the whole year bids fair to be a favourable one. (*Mercator*, Nov. 19.)

Exports of Timber and Paper.—According to *Mercator* (Nov. 26) the timber season this year closes very favourably in regard to quantity. Sales for shipment both this year and next have been very large, and shipments themselves look like being greater than last year.

Statistics of sale up to November 15 divided among the various purchasing countries are as follows (in standards):—

	For shipment in 1926.	For shipment in 1927.
Great Britain	445,000	130,000
Holland	165,000	45,000
France	100,000	25,000
Belgium	91,000	45,000
Germany	86,000	50,000
Denmark	43,000	17,000
Spain	27,000	15,000
Other European countries	17,000	5,000
Countries outside Europe	41,000	18,000
Total	1,015,000	350,000

Finland has thus already sold approximately one-third of next year's exports. This is in strong contrast to Swedish sales, which amounted up to November 15 to only about 75,000 standards.

Finnish paper, too, has enjoyed a comparatively good market, although under pressure of increasing competition. There will be a slight set-back in the steady upward movement in exports of paper, amounting to from 5,000 to 10,000 tons as compared with last year's exports of 211,403 tons. This reduction is explained by the fact that no new paper mills have been erected this year, nor were any new machines installed in the old mills. As prices in general this year were less satisfactory than in 1925, the paper mills have not forced their production at the same pace as last year. Further, some machinery was temporarily at a standstill owing to rebuilding. In the absence of any disturbing factors, a considerably increased production may be reckoned on next year, above all owing to the new machinery at Varkaus for newsprint, which will be at work before the end of the year, its productive capacity being over 30,000 tons per annum.

Early in the year it looked as if there would be no export of paper at all to Russia, but as Finnish paper mills agreed to grant the Russian Government the credits demanded, quite considerable deliveries have been made after all. An agreement was concluded in August between the paper exporters and the Russian Government for the delivery of 16,000 tons of paper on three months' credit. These deliveries are being effected between September and December. Owing to the stagnation in exports to Russia earlier in the year, Finland was forced to seek greater outlets in other directions. Exports to England were rendered difficult by the coal strike and the duty introduced in that country on wrapping paper, and competition was considerably sharper in other countries. Production therefore had to be intensified and certain mills restricted themselves to producing only their own special qualities. Finnish paper exporters desire that the export of pulp-wood should be subjected to duty, as the present duty-free export is distinctly in favour of certain countries competing with Finland which employ Finnish raw material for their production of paper. Finnish agriculturists, on the other hand, are against the imposition of such duty, as they profit by the export of raw timber.

FRANCE

POLITICAL AND FINANCIAL

The Treasury and the Discount Rate.—The recent decision of the Bank of France to lower the discount rate from $7\frac{1}{2}$ to $6\frac{1}{2}$ per cent. for Bills and from $9\frac{1}{4}$ to $8\frac{1}{4}$ per cent. for advances on securities has been unanimously welcomed by the financial Press. This step is interpreted as a sign of the Government's desire to make the transition period easier for the economic life of the country. Of course, in the present conditions, a reduction of one per cent. for short term borrowing does not make any considerable difference in calculations made by merchants and manufacturers, because it is re-absorbed by the fluctuations in the exchange and in market quotations. The meaning of the measure is rather that the curb on credit will be somewhat relaxed, as the *Agence Economique* puts it.

The figures for Bills discounted at the Bank have shown a rapidly decreasing tendency during the last months:—

Week ending August 5 ...	...	7,864	million francs
" September 9 ...	...	5,060	" "
" October 7 ...	...	4,797	" "
" November 4 ...	...	5,989	" "
" December 9 ...	...	3,801	" "

The reduction in the Bank rate will most probably mean a certain increase in rediscounts, but as already pointed out, the real importance of the measure is not to be discovered in the reduction of the cost of credit: it must be remembered that, though the French banks

are charging their customers only 1 per cent. above the Bank rate, commissions and provisions of every description paid by the customers must be reckoned (for good signatures) at about $3\frac{1}{2}$ to 4 per cent.

A certain relaxing of credit restriction has probably been decided upon in order to make it easier for the business quarters during the end of the year, which is also the end of a month and the end of a quarter, a time at which large amounts of ready cash are required for all sorts of payments. It was feared that trade, being anything but active, business people in need of money would be obliged to sell their accumulated securities, stocks of merchandise and foreign exchange somewhat precipitately, which would provoke a sharp fall in prices and quotations and certainly create many difficulties. On the other hand it might possibly provoke demands for repayment of Treasury Bills on the part of people in need of money, and, however favourable the situation of the Treasury, this would not be desirable at the moment when a period of declining revenue receipts is beginning. In the present circumstances, however, the reduction in the Bank rate permits the Treasury to reduce the rate of interest for Treasury Bills (for twelve months' Bills from 6 to $5\frac{1}{2}$ per cent., for six months' Bills from $5\frac{1}{2}$ to $4\frac{1}{2}$ per cent., and for three months' Bills from 5 to 4 per cent.).

While a certain stringency is being felt as far as commercial credit is concerned, there are still large amounts of money in a very liquid state. In proof of this fact we may point to the recent decision of the Government to refuse subscriptions to one month's Treasury Bills, the demand for which is very great. It is well known that since the August decrees the amount of Treasury Bills in circulation has been limited to the amount then in existence, with the addition of another 6 per cent. to that sum. But the demand for one month's Bills threatened to compel the Treasury to exceed this limit; therefore the Government, after reducing the interest on these Bills from 3.6 to 3 per cent., has closed subscription for such Bills. Nevertheless, in order to benefit by these subscriptions, the Treasury was permitted to accept cash deposits at a month's notice, but only for large amounts (one million francs as a first payment, and not less than 100,000 for subsequent ones). This measure has been criticised in the Press (for instance in the *Paris-Midi* by M. L. Jeune), it being pointed out that the deposits with the Treasury at a month's notice are tantamount to Treasury Bills, but worse because the amount of them is not known to the public. If the purpose of the law was to limit the recourse by the Treasury to credit, it has not been attained.

It must be observed that there is a difference between the issue of Treasury Bills now and in preceding years. While formerly the money subscribed by the public was utilised for expenditure, now it is used for acquiring material assets (foreign exchange). But the possibility of a "run" for the repayment of Treasury Bills and of deposits with the Treasury still exists; and should such a run occur it would mean a loss of all the Government has already achieved. The present favourable situation of the Treasury therefore is considered as unstable.

Revenue Returns for November.—The characteristic features of the November revenue returns are the large part played by direct taxation and the sharp fall in the yield of indirect taxation. The former is attributable to delay in establishing the rolls, many taxpayers therefore only paying their taxes in November; and no doubt there will still be a balance coming in in December. As to indirect taxation, the slackening of business as well as the fall in wholesale prices greatly influenced the returns under this heading.

	Revenue (in millions of francs).		
	1926.	1925.	Increase.
July ...	3,584	2,421	1,164
August ...	3,127	1,733	1,394
September ...	3,036	1,769	1,267
October ...	5,016	2,885	2,131
November ...	4,175	2,858	1,317

The falling off as compared with the preceding month is not due to direct taxation, because its yield is almost

the same (1,699 millions as against 1,705 millions), but a serious shortage is manifest in different kinds of indirect and mixed taxation. The total figure for indirect taxation and monopolies was 2,419 millions in November as against 3,120 millions in October. The largest decreases are as follows (in millions of francs):—

	November.	October.	Decrease.
Property transfer, etc., duty	373	605	242
Stamp duty	106	192	86
Securities, transfer and coupon-taxes	83	380	293

The two first items are most remarkable, because they are chiefly due to a sharp decline in the real estate transactions. Customs and the general turnover duty also show a decrease. In the ensuing months, the direct taxes, being already paid and the indirect ones suffering from a slackening of business, will probably show a further decline.

Economic Progress of Morocco.—At the opening of the yearly session of the Government Council of French Morocco M. Heeg, the High Commissioner, delivered a speech showing the economic progress of the country, which is being maintained notwithstanding recent events. As compared with the corresponding period a year ago, the last twelve months show a particular increase in imports: Sugar, 100,000 tons as against 60,000 tons; tissues, 7,000 tons as against 6,000 tons; coal, 450,000 tons as against 95,000 tons; automobiles, 3,000 tons as against 100 tons. The country seems anxious to resume its activity, interrupted by the military operations which lasted all through 1925.

The Press lays particular stress on the question of railroad building. In a special correspondence published in the *Journée Industrielle* (Dec. 17) it is explained that in many parts of the country the railroads are only 60 centimetres wide, while in other parts they are of normal gauge. The 60 cm. railroads are mostly of a provisional character, and will be replaced by normal ones. There are different opinions as to the utility of the railroads. Providing present plans are adhered to, there is no harm in lines being constructed temporarily of a reduced width, but the opponents of this policy point out that in the event of the normal line following a different route the small populated centres the provisional railway has created will die out. On the other hand, recent events have proved the necessity of strategic lines all over the territory, which it is not always possible to lay down from the start in a definitive way.

In any case, great efforts are being made to improve railway communication; the principal line is to be electrified and the new Southern Morocco railway is to be constructed, with due regard of the considerations above mentioned. Another important question is that of ports and hotels. Important steps are being taken to establish new hotels in Morocco. The financial basis of this undertaking is expected to be supplied by banks and transport companies.

AGRICULTURE

The Vintage in Algeria.—In a preceding issue it was reported that the wine crop in France was showing a deficit as compared with last year. The same phenomenon is observed in Algeria, which produces wine on a large scale. The figures are as follows:—

Remainder of last year's crop	99,506 hectolitres
1926 Vintage	8,251,839 "
Total	8,351,345 hectolitres

as against 12,315,092 hectolitres in 1925, thus showing a decrease of about 33 per cent.

GERMANY

POLITICAL AND GENERAL

General Economic Conditions in November.—

According to the report of the Prussian Chambers of Industry and Commerce, further progress was made in the economic recovery in November, although the decrease in the number of persons receiving unemployment benefit, which still reaches 1.3 million, was not maintained. In addition to coal production, increases occurred in the output of the iron working and chemical industries. German shipping also made a definite stride in the direction of recovery. November potash sales, however, are estimated at barely 600,000 d.ctr. pure potash salts. In the machine industry there are growing reports of improved business conditions, though prices are still much depressed. The demand for special machines continues active. There was no change in the favourable conditions in the chemical industry. Business fell off slightly in the case of nitrates, but the demand for fine chemicals was very lively. Foreign sales still leave something to be desired. There were improved home sales in the electro-technical industry, and the level of employment is described as excellent. Disappointment is plainly expressed in the reports of the handicraft and trade Chambers for November. Business has fallen off in the cloth industry in Kottbus, while in Aix-la-Chapelle the favourable conditions prevailing last month have been maintained. The improvement in the linen industry continues, and business was satisfactory in the silk industry. The number of contracts in hand in the tobacco industry is about equal to last month, while competition conditions in the cigarette industry are somewhat more acute. Rhine freights have dropped, and the Dortmund-Ems Canal was again unable to cope with the traffic. Large quantities of ore had once more to be diverted to Rotterdam. (*Hamburger Fremdenblatt*, Dec. 4.)

FINANCE

Second Year of the Dawes Plan.—Nothing beyond a short extract from the long and detailed report of the Agent-General for Reparations has so far been published, but the reports of the other Commissaries afford some important information. Thus the report of the Reichsbank Commissary discusses the question of the circulation of small coin, recently brought before the Inquiry Committee by Dr. Schacht. It appears that the present circulation in small coins amounts to Rmk. 12½ per head of the population, while in addition to this Rmk. 325 mill. in Rentenbank vouchers of Rmk. 5 each is current. The Reichsbank's fund of small coin in circulation has increased during the period under review to Rmk. 100 mill., chiefly in Fr. 50 pieces. This constitutes nothing more nor less than an advance made by the Reich without interest, and such a burden on the Bank of Issue can be nothing other than an obstacle in the way of sound banking policy. The Reichsbank is now conducting negotiations with the Government in regard to this matter and it is hoped that a solution may be arrived at. Dealing with the capital market, the report points out that the high figure for the issue of shares (Rmk. 2,182 mill.) does not for the most part represent fresh capital, but the consolidation of important groups of capital in the formation of trusts, representing the progress made by industrial amalgamation in Germany during the past year.

With regard to the disposal of public funds the Agent-General himself deals with the subject of the German railways. He recalls that the German Reichsbahn still maintains its own bank, the Traffic Credit Bank, three-fourths of whose capital it holds. This bank has absolutely no independent banking business, and cannot therefore be termed a bank in the true sense of the word. It is sometimes explained that this institution is merely the financial department of the Reichsbahn. The fact is, however, that, in spite of holding an overwhelming

majority of interests, the railways are only represented on the Board of Directors by a minority of 8 out of 25 members. The majority consists of representatives of the banks and banking houses, who expect allocations from the railway funds. The independent apparatus of the Traffic Credit Bank tends to keep the railway funds separate from the main stream of credits, and to render them purposely less available for common use. The original object of the institution was the financing of freights on credit, and to this end an extensive system now exists, which is available at cost price or under, the necessary funds, however, coming direct from the Reichsbahn. Thus the railway (and not the Bank) gives credit up to 15 days for about one-half of the freight passing over its lines, the money resulting therefrom forming a deposit with the Bank amounting at present to an estimated total of Rmk.500 mill. No precise figures are available because the Traffic Credit Bank, unlike other banks, publishes no periodical statement, but only a short yearly report. Sums of such importance utilised without sufficient regard to the credit policy of the Reichsbank must exercise a disturbing influence on the money market and excite speculation on the Bourse. The value of the Traffic Credit Bank to the economic system of the country is therefore problematical, and it is doubtful whether the merely apparent profit derived by the Reichsbahn from its activities in any way compensates for the adverse influence exercised by the Bank, under certain circumstances, on the money market.

The Commissary for Sequestered Revenue has also issued a report which deals with the various taxes which come within his province. He considers that the form and value of the cigarette tax introduced in October 1925 have proved damaging to the trade, and for this reason it has been altered. Although the new rates of taxation have been beneficial, the position of the cigarette manufacturing industry is still unsettled. The postponement of the increase in the beer tax until January 1, 1927, is also dealt with at length.

The analysis of the German balance of payment by the Agent-General is of great importance. The conclusion he arrives at, after due examination of the figures available, is that while the reparation payments of the first Dawes year were met by foreign loans, the reparation payments made in foreign currency in the second year, aggregating Rmk.416 mill., are more than outweighed by the export surplus, which amounts to some Rmk.600 Mill. (*Hamburger Fremdenblatt*, Dec. 8, 9.)

Old Government Loans.—The recent remarkable price advances in German War Loan would warrant a closer examination of the entire system of German Government Loans. According to the new law on the liquidation of mark loans of the Reich, each nominal 1,000 paper mark bond of the five per cent. War Loan, which constitutes the largest portion of old Government loans, will be commuted for 25 Reichsmark Bonds of the new "Loan Liquidation Debt" (*Anleiheablöschungsschuld*). The holders of Liquidation Loan cannot demand repayment of the capital thereof. More important yet is the stipulation that bond-holders may not claim any interest on the loan before the complete payment of reparation liabilities has been realised.

Creditors of Liquidation Bonds are, therefore, first of all dependent on the further development of the reparation problem. For the time being the present untenable condition prevails that no final term has yet been set for reparation payments. The term of the duration of reparations can only be gauged from the proposed amortisation plan for railway and industrial bonds, the mobilisation and placing of which is being much discussed at the present moment. These bonds will not be fully redeemed before 1964. The reparation payments documented in these bonds need not necessarily indicate the completion of all reparation payments, such as payments from taxes, revenue, etc. The possibility of a fundamental modification of the reparation problem,

which is equally desired in Germany and in foreign quarters, still remains an open question.

While the bond-holder, as creditors, may not demand repayment of, or interest payment on, the Loan before entire satisfaction of the Reparation liabilities, no provision was made that would hinder the Reich, as debtor, from premature amortisation of the Liquidation debts. The Law contains no stipulations regarding the term, duration or form of the Loan Liquidation Debt. Dr. H. Neufeld, of the Finance Ministry, considers that the absence of such a provision indicates that no general redemption is intended to take place before the Reparation payments have been completed. No forecast could be made at the time of the publication of the Law as to the determining factors likely to be ruling at a date so far in the future. The financial position of the Reich at that epoch is particularly uncertain, and it is impossible to gauge what proportion of the Loan will have been already redeemed by repurchase. Conjectures as to a premature settlement of the Liquidation Loan have been based on the possible improvement of the financial position of the Reich in later years by means of relief from the burden of Reparation payments from taxes and revenue. Suggestions as to the launching of new loans have given rise to rumours as to the Reich considering the redemption or conversion of its old loans with a portion of such new loans. It is also possible that the Reich may contemplate redeeming the bonds for reasons of general prestige, in order to avoid trading in the Liquidation Loan below par, which will inevitably result from the uncertainty as to the date of its eventual amortisation. Lastly, it is thought possible that an eventual Budget surplus may be applied to the payment of debts, the conclusion being drawn that the Reich would first of all redeem and buy back in the open market its old Government bonds, on the revalorisation of which there has been much heated discussion.

There are, however, quite as many arguments against the possibility of a premature settlement, as the Reich in its last extraordinary Budget revealed a considerable scarcity of capital. Even if the Reich contemplated utilising a possible surplus in the current Budget for the repurchase or conversion of its old loans, the redemption rate would remain uncertain for the time being. The Reich would in this case have to determine the final amount to be paid after Reparation payments had been met, and deduce therefrom the adequate proportion for an earlier redemption. Old holdings similar to new holdings receive the appropriated amount of Liquidation Bonds against delivery of the same nominal amount of old bonds, but in addition thereto the former receive the right to participate in the drawing of the Liquidation Debt which will be amortised to the total amount of the Drawing Participation Rights within a period of 30 years and at five times its nominal value. Upon redemption of a drawn claim, Liquidation Bonds to the nominal amount of such a claim are to be handed over without additional compensation. If a premature amortisation of the Loan Liquidation Debt (old as well as new holdings) were to be effected, the old holders would no longer be in a position to hand in the corresponding amount of Liquidation Loan when exercising their drawing rights. On the other hand, the old holdings cannot very well be excluded from an earlier redemption, as they are vested with the same rights as the new holdings.

The argument so often advanced that the Reich need only appropriate Rmk.78 mill. (based on present quotations) for a possible purchase of the 9.7 billion paper marks worth of old Government Bonds still in circulation, 40 billion marks worth of old holdings having been deducted, is thus discredited. Even after new holdings have been commuted for Liquidation Loan, as has already been done in the case of old holdings, the value of the entire Loan Liquidation Debt based on the present quotations for War Loans would come to about 400 million marks. The conclusion thus arrived at is that a premature total redemption of old Government Bonds might necessitate a modification of the present rulings

on the redemption of these loans. This might also raise the question as to whether the mark loans of States, communes and communal associations are to be subject to the same modifications as loans of the Reich.

It is thus the Loan Amortisation policy of the Reich and the development of the Reparation problem which stimulate the market, and have recently led to the remarkable increase in the valuation of war bonds. Since the purchase of War Bonds entitles the owner to claim Rmk.25 for every Mk.1,000 of War Bonds, though the date of repurchase remains unknown, the present market valuation depends entirely upon the confidence of the public relative to the date at which an adequate interest payment might be expected, or a partial or total repayment of the War Loan Liquidation Debt. A quotation of 0.79 per cent. (31.6 per cent.) for 1,000 paper mark War Bonds would be justified if the Liquidation Loan were at par in 1946, after 20 years allowance is made for 6 per cent. compound interest.

Should the Reich desire to rid itself of its Loan Liquidation Debt now instead of in the years 1964, 1955, 1951, or 1940 on a basis of 6 per cent. compound interest, it would have to redeem War Loan at present quotations of :—

0.2725 per cent. (10.9 per cent.)	instead of at par in 1964
0.460 per cent. (18.4 per cent.)	instead of at par in 1955
0.5825 per cent. (23.3 per cent.)	instead of at par in 1951
1.105 per cent. (44.2 per cent.)	instead of at par in 1940

(Quotations in parentheses refer to Liquidation Loan.)

If the Reich were to offer the holders of old bonds the possibility of converting the latter into 6 per cent. bonds of a new loan, it should offer them some additional inducement to do so, as indicated in the following table, which is purely hypothetical :—

Redemption and Conversion possibilities based on par valuation in	Prices instead of parity valuation in respective years for		Redemption in form of 6 per cent. conversion loan.	Proportion of commutation.
	Cash redemption.			
1964 ...	0.2725% (10.9%)	0.3125% (12.5%)	100 : 12.5 = 8 : 1	
1955 ...	0.460 % (18.4%)	0.50 % (20.0%)	100 : 20 = 5 : 1	
1951 ...	0.5825% (23.3%)	0.625 % (25%)	100 : 25 = 4 : 1	
1940 ...	1.105 % (44.2%)	1.25 % (50%)	100 : 50 = 2 : 1	

(Hagen and Company's Report, November.)

INDUSTRY

Proposed Rationing of the Cigarette Output.—

Continuous negotiations are being carried on in the German cigarette industry regarding the question of the legal regulation of production. It is suggested that the Reichstag frame an outline Bill, leaving the settlement of the actual rationing to other bodies, chiefly to the Reich Economic Council. The recent regulation of output in the match industry has provided a precedent which has not been without influence on the cigarette industry, and the larger concerns in particular are no longer averse to the idea.

The Union of the German Cigarette Industry, to which 90 per cent. of the cigarette manufacturers belong, has drawn up a number of principles according to which they will agree to the introduction of the quota system. These conditions are as follows :—(1) The volume of the total quota must correspond at least to the actual demand, and further production facilities must be guaranteed so as to afford the individual concerns the possibility of development. (2) In fixing the quotas only those concerns shall be taken into consideration which were still working on June 1, 1926. Compensation is to be given to such works as were still in action on October 1, 1925, but had ceased to function by October 1, 1926. This compensation is to be paid from a fund to which all producing firms have to contribute in proportion to their output. (3) The lowest quota for any individual concern is to be its present output, the maximum quota is to be the average output in 1925 in cases where this is higher. Any hardships to be compensated for out of the reserve fund.

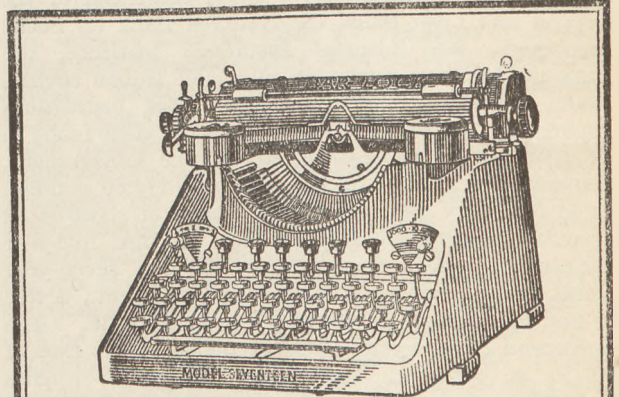
The Reich Association of German Cigarette Manu-

facturers has also declared itself in agreement with the above conditions, and has expressed itself in favour of a united repudiation of the monopoly in case the quota system is introduced.

The proposed regulation of output would involve complete rationalisation and reorganisation in the cigarette industry. Should the quota system be introduced on the above lines the individual cigarette manufacturer would only receive tax credit from the Government to the extent of his quota, thus preventing an extension of business at the expense of the Finance Ministry, and avoiding for the entire industry the evils of the system of deferred taxation payments.

The position of the cigarette industry is at present somewhat more favourable than it has been for several months, partly owing to the general economic improvement and partly to the alteration in the tax. In consequence of the concentration movement in the industry the number of factories has greatly diminished. Of the 1,100 factories in existence in 1913 hardly 110 remain. A very small number of large concerns meet by far the greater proportion of the demand. The proposed rationing of output is directed mainly against foreign competition, which is often one-sided because a monopoly exists in the country concerned. Foreign firms at present working in Germany would be brought under the quota system, whereas any new ventures of this kind would not.

It is doubtful whether the method indicated above is the only way of reorganising the cigarette industry, particularly as a strong objection exists to the interference of the Reich in private enterprises. It is true that such interference already exists through the method of taxation and the deferred payment system introduced



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by the Reich Finance Ministry. If the Finance Ministry declines to alter the system of taxation, and the evil effects of this system could be minimised by the introduction of the quota system, this would no doubt be beneficial, but the best solution of the question would be a reorganisation of the industry by means of an altered taxation policy without legal State interference. (*Hamburger Fremdenblatt*, No. 330.)

ITALY

FINANCE

Financial Policy and Debt Conversion.—The monetary policy announced by Signor Mussolini a few months ago is making steady progress. The first steps taken towards currency rehabilitation and reduction of the national debt reacted rapidly on the lira, which has more than regained what it lost in May. A further stage in the programme has now been reached with the consolidation of the floating debt. This is a necessary step in the direction of monetary reform, whether its aim be revalorisation or stabilisation. Conversion is compulsory for all, but facilities are provided for securing advances on the consolidated stock for which the short-dated bonds are exchanged. The means for so doing are provided by the loan, known as the *Prestito del Littorio*, now being floated on the home market. The net yield of this loan will be paid by the Treasury into an account with the Bank of Italy, which will use such sums for making advances on the security of the consolidated stock. A market for the new security is provided by forming a Syndicate, presided over by the director of the Bank of Italy, consisting of the Deposit and Loan Bank, the National Bank for Social Insurances, the National Insurance Institute, the National Accident Insurance Fund, all Italian savings banks, insurance companies and other institutions required by law to reinvest all or part of their funds in securities issued or guaranteed by the Government. Conversion is effected at the rate of L.116.50 nominal value for every 100 lire nominal value of short-dated Treasury certificates, L.115.40 for 100 lire five-year Treasury bonds, and L.113 for 100 lire seven-year bonds. The stock bears interest at 5 per cent., is free of tax, and cannot be converted prior to 1936. The conversion of nine-year Treasury bonds at the rate of 107.50 is optional. Compulsory conversion applies to 20,560 mill. lire worth of bonds representing the mass of the floating debt; the value of the nine-year Treasury bonds, for which conversion is optional, stands at L.6,001 mill. The increase in the value of the debt brought about by its conversion at an average of 115 will therefore amount to some L.3,000 mill., and to some L.4,000 mill. should the mass of the nine-year bonds also be offered for conversion. This will raise the total figure of the National Debt from L.85,200 mill., at which it stood on October 31, 1926, to 88 or 89 thousand million, and the cost of its service will be increased by 150 or 200 mill. lire annually. But the present cost of money is such that the transaction cannot be considered as unduly burdensome for the Treasury: failing conversion, the Treasury would have had to meet the situation either by raising the rate of interest on the floating debt or by retiring it as it fell due, which latter alternative would have entailed recourse to further inflation.

As to the general effects of the policy which the Government has adopted, Luigi Luzzatti, the veteran economist and financier, points out that its success requires wisdom and economy in the administration of national finance, so as to secure steady and growing budgetary surpluses, and a prudent and pacific policy at home and abroad. A Government which adopts the financial policy the Fascist Government has deliberately chosen cannot afford rash adventures, but must throw its weight into the balance for the main-

tenance of economic and political peace in the international sphere.

In appraising the importance of this step it should be borne in mind that it is coherent with the Fascist policy, which seeks the solution of Italy's economic and financial problems primarily in her own efforts. The reason for taking it at this time is made apparent by an examination of the position of the Treasury as shown in the statement published for October 31. In the first four months of the current financial year L.2,343 mill. of short-dated Treasury certificates were retired, besides 502 million lire of five-year Treasury bonds and 848 million lire worth of the 4.75 per cent. bonds. The total debt reduction for the period July to October amounts to no less than L.6,124 mill. The rapidity of the deflation movement was thus exceeding the available Treasury funds, which, as the statement shows, had fallen on October 31 last to L.61.8 mill. The alternative was therefore consolidation or inflation and the choice could not be doubtful.

It is satisfactory to note that the recent monetary policy is showing its results. The total value of bank-notes in circulation on October 31 amounted to L.18,150 mill., as compared with L.19,480 mill. at the same date in 1925. (*Rapporto, Associazione fra le Società Italiane per Azioni*, December; and *Corriere della Sera*, Nov. 7, 11.)

Financial Results of Unemployment Insurance.—

In the October issue of the *Rassegna della Previdenza Sociale* Signor M. Isacchi deals very comprehensively with the financial results of compulsory insurance against unemployment in Italy, his article being based on the official figures recently published for the period January 1, 1920, to December 31, 1923. We have extracted from the article the following data showing the main results. The table below gives the insurance contributions collected during the different financial periods under survey (in lire):—

Financial period.	Insurance contributions.		
	From general provincial centres.	from professional groups.	Total.
1920-21 (18 months)	102,790,179.88	17,565,561.33	120,355,741.21
1921-22 (12 ")	70,377,810.62	15,590,395.82	85,968,206.44
1922-23 (12 ")	80,390,113.11	19,462,839.90	99,852,953.01
Second half 1923 ...	38,379,576.54	11,173,279.27	49,552,855.81
Total ...	291,937,680.15	63,792,076.32	355,729,756.47

Of the total sums received 33.81 per cent. were contributed by the province of Lombardy and 16.17 per cent. by the province of Piedmont. Venice contributed 9.59 per cent., and in no single instance did the contributions from any other province exceed 7.5 per cent. of the total.

Sums paid out as unemployment benefits during the same period were distributed over the different years as shown below (in lire):—

Financial period.	Unemployment benefits paid out.		
	General provincial centres.	Professional groups.	Total.
1920-21 (6 months)	5,066,945.33	2,003,274.75	7,070,220.08
1921-22 (12 ")	62,589,860.08	21,966,275.19	84,556,135.27
1922-23 (12 ")	42,026,281.27	8,131,909.90	50,158,191.17
Second half 1923 ...	14,578,546.55	2,400,238.50	16,978,785.05
Total ...	124,261,633.23	34,501,698.34	158,763,331.57

During this period Lombardy received 32.57 per cent. of the total sums paid out, Piedmont 15.62 per cent., Venice 10.69 per cent., Tuscany 9.7 per cent., Liguria 9.17 per cent., Emilia 7.19 per cent., Campania 4.5 per cent., and Sicily 3.22 per cent. The remaining provinces in no single instance received more than 2 per cent.

A comparison of the sums paid out to the sums contributed per province gives the following results (in percentages of the contributions): Umbria, 66.7; Liguria, 64.01; Marches, 63.76; Tuscany, 58.36;

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Venice, 49.74; Emilia, 48.38; Sicily, 47.13; Campania, 43.88; and Lombardy, 42.99. In the remaining provinces the proportion fell below 40 per cent.

TRADE

Foreign Trade January to October.—The following table shows the status of Italian foreign trade during the first ten months of the year (in millions of lire):—

	Imports.		
	1926.	1925.	Difference.
January	1,953.5	1,864.9	+ 88.6
February	2,249.4	2,111.9	+ 137.4
March	2,417.1	2,523.1	— 106.0
April	2,474.6	2,605.5	— 130.9
May	2,484.2	2,434.4	+ 49.8
June	2,689.7	2,892.0	— 202.3
July	2,051.4	1,858.7	+ 192.6
August	1,992.3	1,827.9	+ 164.4
September	1,763.8	1,703.9	+ 59.8
October	1,766.9	1,910.7	— 143.8
Total	21,843.3	21,733.4	+ 109.9
	Exports.		
	1926.	1925.	Difference.
January	1,118.6	1,127.2	— 8.6
February	1,356.2	1,400.5	— 44.3
March	1,406.9	1,489.7	— 32.8
April	1,401.8	1,348.2	+ 53.5
May	1,302.5	1,438.6	— 136.1
June	1,686.2	1,800.8	— 114.5
July	1,322.9	1,397.5	— 74.6
August	1,688.5	1,426.6	+ 261.9
September	1,699.1	1,581.6	+ 117.5
October	1,828.0	1,801.7	+ 26.3
Total	14,860.9	14,812.9	+ 48.0

The figures for the period up to and including September are corrected, those for October are provisional. They show that the trade situation has improved; the heavy increase in the value of imports over those for 1925 has declined, and the total figure for exports exceeds that for the corresponding period of the previous year.

The adverse trade balance of L.6,982.4 mill. is only slightly in excess of that for the corresponding period of 1925, when it stood at L.6,920.5 mill. In October, for the first time this year, exports exceeded imports by L.61.1 mill. and they exceed by over L.380 mill. the monthly average for the first nine months. It is satisfactory to note that during the period August 1 to October 31 exports have steadily increased in value, the figure in August showing an increase of L.365.6 mill. over that for July, in September of L.10.6 mill. over August, and in October of L.128.9 mill. over September. A comparison with exports in the first ten months of 1913 shows that in that year they were valued at 2,020 million gold lire, while those for the corresponding period of 1926 represent a gold value of 2,850 million lire. There has therefore been a gain of 830 million gold lire, equivalent to a 40 per cent. increase as compared with the pre-war figure. In fact the export figure for the first ten months of 1926 is the largest in the history of Italian foreign trade.

While the marked decline in imports in the month of October is satisfactory from the standpoint of Italy's balance of international payments, it undoubtedly indicates that though trade is active the rapid expansion of Italian industrial activity which characterised 1925 has for the time being slowed down. This is, of course, only natural. Factories and plants have completed their equipment for the present, and the monetary situation does not at present warrant further expansion. (*Report of the General Fascist Confederation of Italian Industries, December.*)

Imports of Textile Fibres.—Italian trade statistics show that the one category of goods for which the trade balance has for some years past been steadily in Italy's favour is that of "textile fibres and their products." The difference in favour of Italy amounted to L.1,700 mill. in 1925 and for 1926 it stood at the end of July at L.314.5 mill. as compared with L.308.3 mill. at the corresponding date of the previous year.

The preponderating items which turn the balance in favour of Italy are exports of natural and artificial silk, valued in 1925 at L.3,700 mill. The leading item on the import side of this balance-sheet is raw cotton, of which Italy imported in the same year 239.5 metric tons valued at L.3,300 mill.

The bulk of the raw cotton imports still comes from the United States, though the following figures show a tendency to increase purchases on other markets (in quintals):—

Annual average imports of raw cotton.		
Country of origin.	1911 to 1913.	1923 to 1925.
United States	1,612,849	1,304,740
Egypt	116,938	194,711
India	405,296	553,414
Other countries	14,667	34,933
Total	2,519,463	2,086,466

In the first half of 1926 cotton imports fell somewhat as compared with the corresponding period of 1925, but the distribution between the several sources of supply is much the same.

If there has been little growth in the case of cotton, wool imports have more than trebled when compared with the pre-war period, as is shown by the following figures (in quintals):—

Annual average imports of unwashed wool.		
Country of origin.	1911 to 1913.	1923 to 1925.
Great Britain	3,805	28,809
Australia	24,295	144,130
Argentina	32,674	73,531
Uruguay	32,120	13,285
South Africa	—	13,334
Other countries	15,700	29,176
Total	98,594	302,265

The figures for the first half of 1926 show heavier wool imports than in 1925, the increased quantities having been obtained mainly from South Africa (27,274 quintals), Argentina (95,128 quintals) and Uruguay (21,324 quintals).

The manufacture of sacking from jute is another textile industry which has attained importance in Italy. It supplies the needs of the home market, leaving a considerable surplus for export, valued at an average of L.31.9 mill. a year for the period 1923 to 1925. The raw jute comes practically all from India, and imports rose from a pre-war average of 383,409 quintals (1911 to 1913) to 427,218 quintals for the period 1923 to 1925.

The figures showing the increase in imports of cellulose indicate the growing activity not only of the paper but also of the artificial silk industries (in quintals):—

Annual average imports of Cellulose.		
Country of origin.	1911 to 1913.	1923 to 1925.
Austria-Hungary	300,087	—
Austria	—	456,316
Yugo-Slavia	—	—
Czechoslovakia	—	—
Germany	319,939	187,393
Finland	—	16,144
Norway	122,020	36,327
Sweden	20,292	240,413
Switzerland	14,711	22,015
Other countries	25,211	30,761
Total	802,260	989,369

To appreciate the importance of these figures we must note that in the pre-war years there was little fluctuation in imports of cellulose from year to year, whereas from 1923 to 1925 the progression has been very marked: 633.3 thousand quintals in 1923, 943.3 in 1924, 1,391.3 in 1925.

This upward tendency is reflected also in the figures for the January to June period of 1926, though checked by Government action in reducing the size of newspapers and consequently the consumption of newsprint. The increase has been more than entirely covered by two countries, Sweden and Canada, from which Italy imports. The latter has more than quintupled the exports to Italy as compared with 1925. (*Report of the*

General Fascist Confederation of Italian Industries, November.)

INDUSTRY

Development of the Raw Silk Industry.—The Istituto Nazionale per l'Esportazione at Rome is an officially recognised corporate body, placed under the direction of eminent business men to whom the assistance and co-operation of Government administrative departments are assured. The Institute was established by an Act of April 18, 1926, and is organised with a view to promoting Italian foreign trade. This body has decided to issue from time to time comprehensive reports on various branches of agriculture and industry, and also information of interest to foreign importers. Owing to its close connection with the official departments the Institute is able to publish carefully selected and controlled data, showing the status and possibilities of a given branch of production. The latest report of this body deals with the raw silk industry and exports, the main features of which are reproduced.

Silk is the one raw material of which Italy is a leading producer, with an annual output for the three-year period 1923 to 1925 valued at L.4,000 mill. It is the largest item in Italy's export trade. The total value of her silk textile exports in 1925 amounted to L.3,275 mill. The quality of the Italian product places it in the foremost rank of textile fibres. It is a staple which can count on a large market, steadily expanding with the expansion of wealth and civilisation. Approximately 600,000 farm families, located mainly in northern Italy and along the Adriatic coast, are engaged in the delicate work of raising the silkworm and caring for the silk cocoon crop. Traditions and long practice have trained a body of highly skilled workers specialised in this art on the Italian farm, and the fruit of their labours supplies the raw material for the silk reeling and throwing mills, which in their turn feed not only a great export trade but the flourishing and growing national silk weaving industries. No fewer than 186,700 persons are now employed in these several industries. The products of the Italian silk industry are now exported all over the world, either direct to foreign consuming centres or through the great distributing markets in London, Paris and Hamburg.

The silk industry and trade suffered much during the war, but the losses are being repaired. The yield of cocoons, which fell heavily from 1915 to 1920, has once more risen, with inevitable seasonal fluctuations, to the pre-war level. Improved technique and strict Government regulations and inspection of silk breeding stations have improved the quality of the fibre. Legislation under the Act of June 28, 1923, regulates the breeding of silkworms in Italy. The Pasteur cellular system is the only one permitted, and it has placed Italian silkworm eggs and cocoons in the front rank for quality. Patient care has been devoted to breeding with a view to combining the strength of the Japanese and Chinese silk with the fineness of the Italian. Success has been such that Italy now exports silk eggs even to China and Japan. The most valued varieties are obtained by crossing males of the old Italian breeds with females of the Chinese gold or Japanese white varieties. The advantages secured by this cross breeding have been very substantial. Formerly from 25 to 35 kilogrammes of cocoons were obtained from one ounce of eggs; now the average yield has risen to 60 kg. and even to 80 and 90 kg. in districts favoured by a mild climate and skilled breeders. The ratio of defective cocoons unsuited to reeling has fallen from an average of 25 to 30 per cent., at which it stood thirty years ago, to an average of from 5 to 8 per cent. Instead of the 14 to 15 kg. of cocoons which used to be required to obtain one kilogramme of silk, 10 kg. of fresh cocoons are now sufficient, and when selected lots of cocoons are used the quantity required is considerably less. The special conditions needed for the successful breeding

of the silkworm, a mild climate and an abundant supply of skilled labour, are found in Italy. The districts in which it is most successfully practised are the hills around Treviso and along the coast of the Marches and the Abruzzi. The importance of the business is shown by the fact that no fewer than 150 establishments are engaged in breeding silkworms. Their annual output averages one million ounces of eggs valued at from L.60 mill. to L.70 mill. These establishments employ some 15,000 persons, besides several thousand breeders who specialise in worms for breeding purposes. Almost all the establishments are affiliated to the Italian Federation of Silkworm Egg Breeders and to the Italian Association of Preparers of Silkworm Eggs. The research stations at Padua and Ascoli Piceno are world-famed among silk experts. These stations are at the head of the Government inspection service exercised over all breeders and traders. Eggs for export must first be examined by these inspectors, who supply the breeding stations with special paper bands showing that the contents of the packets to which they are affixed have been approved.

So far exports of silkworm eggs have amounted to some 3,000 kg. per annum valued at around L.3 mill., but the demand is sure to increase rapidly on account of their high quality, and also in view of the output capacity of the breeding establishments. These eggs are more especially in demand in countries where cocoons are raised but not reeled. Such cocoons are largely exported to Italy, and it is a matter of concern to the Italian silk industry that they should belong to Italian varieties, thus ensuring a reliable and homogeneous product for the Italian mills.

The output of cocoons is subject to seasonal variations, but it approximates to an annual average of 50 mill. kilogrammes, worth at the 1925 price about L.1,500 mill. With the development of the home demand the export trade is on the wane. Only a few thousand kilogrammes of fresh cocoons are now sent abroad. The following table shows the export figures for dry cocoons in (kilogrammes):—

Exported to	1913.	1923.	1924.	1925.
France ...	4,500	36,500	7,900	11,300
Switzerland ...	76,200	27,300	22,100	16,000
Austria-Hungary	134,200	—	—	—
United States ...	—	16,800	47,000	8,200
Brazil ...	—	6,000	38,400	34,200
Other countries	—	10,600	23,100	2,300
Total ...	214,900	97,200	138,500	72,500
Value (in lire) ...	2,578,800	7,326,420	8,756,681	4,723,445

On the other hand, Italy imported in 1925 2,869,900 kg. of dry and 22,000 kg. of fresh cocoons. Prior to the war, the average annual importation stood at 4.7 mill. kilogrammes (dry weight).

The national Government recognises the economic importance of the silk industry to Italy and therefore second the efforts of the trade associations to ensure its development. Special efforts are now being made to effect much greater progress in production in the South, where hitherto the production has been trifling.

The Italian raw and thrown silk industry now employs 113,211 operatives. The number of reeling basins is estimated at 47,993, of which 46,270 are now in operation. The spindles in operation number 1,466,435. Records for the production of raw silk show that the quantity has remained fairly stationary with annual variations during the past thirty-five years. An exception must be made for the war period, when output fell from a pre-war five-year average of 4,796,000 kg. to an average of 2,925,000 kg. The average for the past three years stands at an output of 4,962,000 kg. In 1924 the output of raw silk was estimated at 5,500 mill. kilogrammes, valued at L.2,000 mill. The annual exports of raw silk now averages 3,500,000 kg., valued at L.1,300 mill.; those of thrown silk average 2,200,000 kg., valued at L.800 mill.

Italian raw silk is exported in Europe to France, Switzerland, Germany, Great Britain and Austria, but

in the first two markets it is used almost exclusively for weaving purposes. In the United States it is used both for throwing and weaving. The war inflicted heavy loss on the Italian silk export trade. From an average of 7,544 metric tons of raw silk in the years 1909 to 1913 exports fell to an average of 4,226 metric tons in the years 1918 to 1922. Recovery in the German market has been necessarily slow, and Japan conquered the American market during the forced interruption of Italian trade with that country. Italian reelers, however, are now trying to reorganise their production in view of the special needs of the American market. They are placing themselves in a position to supply the large quantities called for, and are introducing re-reeling, now required in the United States.

The silk doubling and throwing industry employs not only national but also imported silk, mainly Japanese. In 1925 such imports amounted to 184,500 kg. from Asia and 71,300 kg. from Europe. This amount is trifling when compared with the five and a half million kilogrammes produced in Italy, of which one and a half million are thrown in Italian mills.

Italy's export trade in raw and thrown silk is shown in the following tables (in kilogrammes):—

Raw silk.

	1913.	1923.	1924.	1925.
To Switzerland ...	669,100	484,000	604,200	716,700
Germany ...	859,300	311,500	383,700	511,900
France ...	969,700	1,400,600	1,789,500	1,958,000
United States ...	1,048,200	727,800	284,600	630,100
Austria ...	135,100	33,600	51,900	73,800
Brazil ...	17,300	20,300	59,100	83,400
Spain ...	14,100	25,700	23,500	37,000
Other countries ...	809,700	161,600	41,400	113,900
Total ...	4,526,400	3,165,100	3,187,900	4,116,100
Value (in lire) ...	217,267,200	1,194,162,631	1,160,672,063	1,418,296,399

Doubled and thrown silk.

	1913.	1923.	1924.	1925.
To Switzerland ...	1,459,700	944,500	1,116,900	1,035,300
Germany ...	1,084,100	331,400	526,200	540,300
France ...	36,500	62,300	124,600	116,200
United States ...	7,700	375,000	75,900	146,200
Austria ...	139,500	68,900	109,900	126,800
Brazil ...	1,000	70,700	86,200	59,700
Chile ...	44,400	22,600	37,700	58,800
Other countries ...	60,200	144,800	165,100	165,000
Total ...	2,833,100	2,020,200	2,242,500	2,248,300
Value (in lire) ...	141,655,000	731,029,217	842,108,060	807,461,964

The above figures show that while raw silk exports are recovering their pre-war importance, those of thrown silk have declined in all except the two South American markets.

Hitherto silk reeling and throwing has been carried on mostly by small concerns, but modern improvements introduced in the machinery are leading to the gradual disappearance of the old mills with their primitive equipment. Notwithstanding the growing needs of the Italian silk weaving industry, which absorbs ever larger quantities of raw silk, Italian mills are and will continue to be in a position to supply the needs of both old and new markets. South America looks with special favour on Italian yarns.

A by-product of the raw silk mill is silk waste, which industry also feeds an important export trade. Besides using the waste of the Italian mills the industry imports considerable quantities, valued in 1925 at L.3.3 mill. One million kilogrammes of yarn spun from silk waste are exported on an average annually out of a total output of 1,700,000 kg., valued at L.350 mill.; exports of carded silk waste average 250,000 kg., valued at L.16 mill. The export of silk waste in its raw state averages 2,695,000 kg., valued at L.109 mill. The operatives engaged in mills using this raw material number 7,500. The products of this industry are exported to all silk weaving countries, even to India and China. The following table shows the countries to which Italian silk waste, raw and spun, is exported (in kilogrammes):—

	1913.	1923.	1924.	1925.
France ...	1,601,700	842,400	950,700	901,800
Switzerland ...	307,300	705,500	621,600	968,700
United States ...	459,400	517,300	450,200	499,500
Germany ...	45,200	269,100	180,800	214,600
Great Britain ...	205,900	32,100	160,800	200,800
Other countries ...	54,200	97,300	97,800	94,400
Total ...	2,763,700	2,553,700	2,461,900	2,878,800
Value (in lire) ...	18,908,375	92,810,874	101,661,174	22,698,987

The total quantity and value of exports of silk waste yarns over the same years were:—

	1913.	1923.	1924.	1925.
Quantity (in kg.)	1,236,100	923,700	1,029,900	1,152,000
Value (in lire) ...	29,666,400	113,111,167	137,852,312	174,826,468

Total exports of carded waste, which amounted to only 700 kilogrammes in 1913, had risen to 236,000 kg. in 1925.

The sewing and embroidery of the silk industry is now in a position to meet the home demand and export. The industry also specialises in thread for fishing, for hats, shoes, aeroplanes, and for surgical uses. The total quantity and value of exports of silk thread are shown below:—

	1913.	1923.	1924.	1925.
Quantity (in kg.)	31,358	56,034	31,479	51,631
Value (in lire) ...	1,661,974	6,878,184	3,706,810	10,614,237

In 1913 the best market for these exports was Argentina, but in 1925 the consignments to this country had been reduced to about one-third, while Brazil took the leading position with 12,147 kg. Exports to Great Britain fell from 2,140 kg. in 1913 to 885 kg. in 1925.

PORTUGAL

POLITICAL AND GENERAL

The Government's Programme.—The Government has issued a Note expressing its earnest desire to bring definitely to an end the internal conflicts with a view to realising the indispensable measures for the complete restitution of national economy. The Note includes the programme of the present Government towards this desirable end. Apart from the political measures to strengthen the Republican régime, the Government intends to reorganise all the public services for the purpose of rendering them more efficient; to introduce a policy of strict retrenchment in the public finances; to regularise the national accounts and to simplify the tributary system; to adopt means for the full development of the sources of national wealth; to reorganise immediately the colonial services, introducing greater co-ordination and intensifying the economic and financial progress of the colonies; to reorganise the army and

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navy and the methods of supplies; to reorganise and systematise the national education; to speed up justice and make it more equitable; and, in general, to make more secure the lives and property of citizens.

The Government's task is undoubtedly difficult; but the conditions are such as call for immediate attention, and, for the welfare of the country, the Government must succeed. (*O Commercio do Porto*, Dec. 7.)

The economic situation in Portugal depends to a large extent upon the political situation, writes the Portuguese correspondent of the *España Económica y Financiera* in the issue of October 9. For some months past there has been a military Government, which is really a dictatorship. This Government has already adopted certain measures for preventing attacks upon private property; it has initiated reforms in the general and financial administration; it has also been able to establish a certain moral credit. Nevertheless, it has so far not notably succeeded in modifying the economic development of the country. The most important point in the Government's programme is that respecting the national finances. The Government will, however, be unable to effect much in this direction unless a very serious policy of national economy in all branches is introduced; the national deficit at present amounts to the sum of 250 mill. escudos.

A good sign of the Government's serious intentions to achieve progress is the fact that the work of reconstructing and extending the docks at Lisbon and Oporto has already been taken in hand, the contract having been given to a German firm. Moreover, the Government has also passed the plans for erecting a bridge over the river Tagus and for the establishment of a large maritime station at Lisbon. It appears, too, that steps are about to be taken for repairing the railway tracks and rolling stock, a work that has long been overdue.

The Government's programme further includes an ambitious project for creating a large merchant fleet which will have the monopoly of transporting goods between Portuguese ports. Some advance has already been made in this direction; during the harvest year 1925-26, for example, the whole of the cocoa transported from San Tomé to Lisbon, which amounted to a total of 329,778 sacks, was carried exclusively by Portuguese vessels. In the fields of agriculture and wine-growing, as well as in the fisheries, which is a very important branch of Portuguese economy, the Government has a great task before it, for all these activities have shown a tendency during recent years to decline

FINANCE

The Financial Situation in Angola.—In his annual Report on the Commercial, Financial and Economic Conditions in Portugal, Mr. Stanley G. Irving, H.M. Consul and Commercial Secretary to H.M. Embassy at Lisbon, includes some useful notes on the financial situation in Angola and Mozambique. The disastrous situation in Angola, he writes, is primarily the result of excessive Government expenditure in an effort to develop the colony quickly. Too many schemes were taken in hand, when it would have been wise to concentrate on one or two at a time with a view to first promoting the export trade as much as possible, and proceeding with the general work of development by degrees. So far from increasing in the past three years, the exports have decreased. Meanwhile larger amounts were advanced by the Bank to the Government in exchange for the bonds of the Angola Debt, and the Government, being unable to raise a loan elsewhere, utilised the money to buy sterling with so disastrous an effect on the exchange that the Bank found itself constrained to limit transfers to amounts for which it could obtain cover. In the past six years the following amounts have been transferred from Angola to Lisbon (in contos): 1920, 14,850; 1921, 18,509; 1922, 46,109; 1923, 70,685; 1924, 28,404; 1925, 18,211. The cost of remitting Angola money to Lisbon is fundamentally

a question of supply and demand, and the present high premium is attributable to the large excess of payments due from the colony. To-day this unfavourable balance amounts to 185,000 contos, several times the existing capital of the Bank. The fact that the Banco Nacional Ultramarino is the bank of issue and the only bank through which remittances can be made has caused it to become the target of popular criticism. The question of blame need not be discussed here, but it may be said that the Bank was under strong Government pressure to provide facilities, and is itself one of the chief sufferers from the consequences of deflation. The Bank is owed 68,493 contos by private clients in Angola and 51,730 contos by Angola firms in Lisbon, while the Angola Government owes it 202,703 contos. The circulation has never reached the legal limit of 50,000 contos, but it has outstripped the needs of the colony in its present stage of development. In January 1926 the notes in circulation amounted to 46,149 contos. The Bank is endeavouring to improve matters by limiting credits and requesting clients to reduce their overdrafts. A factor of some importance is the retention of notes by the natives to pay the hut tax, which is estimated at 80,000 contos, though it has never yet yielded this amount. The Government has come to the rescue of Angola with a loan.

España Económica y Financiera of October 30 reports that the Ministry of the Colonies has submitted to the Portuguese Government a Bill relating to the financial administration of the colonies. This Bill provides for a continuance of colonial autonomy in financial matters, and thus the various colonies will still draw up their own budgets; but the Ministry of Finance reserves to itself the right of control. Colonial financial autonomy will automatically cease if the colonial budget shows a deficit.

The Present System of Taxation.—The new system of taxes imposed on September 21, 1922, after being applied at first very tentatively, is now definitely in force and is bringing in a considerable revenue to the State. In the year ended June 30, 1925, direct taxes yielded 277,000 contos, or about £2,750,000 sterling, nearly double the yield of the year before. The largest returns under this head were derived from the industrial contributions, a tax on businesses which amounted to 98,000 contos, an increase of more than 100 per cent. over the previous year. The house tax, consular invoice fees, and the tax on the application of capital were the most lucrative of the other direct taxes. Stamp and registration taxes amounted to 153,000 contos, a 60 per cent. increase. Among indirect taxes which, showing a small increase, amounted to 317,000 contos, the largest was import duties. These were slightly less than the year before. After the import duties, by far the largest item was the 2 per cent. transactions tax, which produced 90,000 contos, an increase of 30 per cent. A tendency has since set in for this receipt to decline.

The industrial contribution has caused widespread criticism on account of the methods used in its application. The tax is based on presumed profits calculated on sales, which must be declared, but the profits may be assessed at an arbitrary figure by local taxation committees. The result has been inequality, and numerous appeals have been made against over-assessment. It is estimated that a wholesale merchant in Portugal pays in the form of this industrial tax and the transactions tax, which is new and additional, no less than eighty-one times as much as he did in 1914, i.e. in escudos. Escudos are now about one-twentieth of their pre-war value, so the difference in gold would be about four times as much.

The income tax has hitherto been not much more than nominal, having yielded only 3,425 contos in 1924-25, but it is likely to be levied more effectively in future. The application of the stamp tax, which was revised and increased in 1924, to existing stocks of tobacco

and bottled beverages was vigorously resisted, and many merchants and shopkeepers concealed their goods until a compromise was eventually arranged extending the time for payment.

The Financial Situation in Mozambique.—The situation in Mozambique, although similar in effect, differs somewhat from the situation in Angola as to its causes, the chief of which—or at least the immediately outstanding factor—has been the absorption by the local Government of the greater part of the foreign exchange for its own purposes, viz. salaries and State expenditure. It is calculated that over 90 per cent. of the exchange values which come into the Mozambique market are absorbed by the Government. An ordinance was issued in 1923 requiring 25 per cent. of all export values to be deposited in the Banco Nacional Ultramarino, but since 1924 the Government have retained these deposits in their own hands, repaying them in depreciated Mozambique pounds. Before this an unsuccessful attempt had been made to raise a loan in Great Britain. The total of the Mozambique circulation, local sterling and escudo together, in the early part of 1925, was approximately equivalent to £1,360,000, or about four times as much as the circulation of 1914. A commission representing the local commercial interests recently estimated the amount of sterling required for practical purposes at £800,000. With this figure as a basis, the commission drew up a report for the consideration of the Government, making certain recommendations to remedy the situation. They advised that the pound note circulation should be reduced to a total of £400,000 by means of an issue of internal gold bonds, and that a credit should be opened, either in Portugal or elsewhere, of not less than £500,000, for the purpose of facilitating payments and reducing the transfer premium. The need for some drastic action on the part of the authorities, in conjunction with the Bank, is urgent, merchants in Lisbon having even gone so far as to threaten to cease sending goods to Mozambique until some provision is made for transfers at a reasonable rate.

It appears, however, that a remedy is at last in sight for the Government, and the bank have agreed to an arrangement by which the sterling notes will be withdrawn in the course of three years. This arrangement contemplates a new contract cancelling the Bank's right of issuing pound notes, and prohibiting the use of this currency in transactions entered into after the date of the contract. At the same time, it is intended to increase the Bank's capital as already mentioned.

In the course of last year the pound note circulation decreased by 13 per cent., from £1,005,145 to £871,117. The escudo circulation, on the other hand, increased from 36,198 contos to 42,251 contos. Some £300,000 of the pound notes are in the possession of local British banks. Against the note issue the Banco Nacional Ultramarino has a metal reserve of £217,694, and credits to the value of 181,883 contos, including loans to the Colonial Government amounting to £136,984 (16 per cent. of the circulation) and 27,630 contos (68 per cent. of the circulation).

The notes in the economically autonomous territory of the Mozambique Company are issued by the Banco de Beira, the shares in which are divided between the Mozambique Company and the Banco Nacional Ultramarino. Separate negotiations are on foot for the solution of the transfer difficulties also in this region.

The tendency during the latter half of the present year has been to increase the note issue. *O Commercio do Porto* of December 8 reports, for instance, that the issue of pound notes in September showed an increase of 16:662, as compared with August, when the note circulation stood at 743,320. Escudo issues, however, were diminished by 3,518\$356.

The National Debt.—On December 31, 1925, the total national debt of Portugal, including the war debt to Great Britain of £22,000,000, amounted to £76,500,000

sterling, or about £12 per head of the population. Thirty per cent. of the above total was external consolidated, 25 per cent. internal consolidated, and 45 per cent. floating debt.

As a result of the decree of June 1924 the portion served in sterling is under 10 per cent., only about £8,000,000 being held by foreigners. The larger part of the floating debt, apart from the war debt, consists of loans from the Bank of Portugal. On September 30, 1925, the Government also had an overdraft of 383,000 contos at the Caixa Geral de Depositos, used largely in meeting matured Treasury bills, the amount of which in circulation at the date mentioned was 461,000 contos. There were also 30,000 contos of drafts on account of the Brazilian remittances received from the Agencia Financial do Rio de Janeiro. Bonds to the value of 23,150 contos in the internal consolidated 3 per cent. loan were issued in February 1924 as additional security for the loan granted to the Government in November 1920 by Messrs. Baring Bros., and 2,000,000 contos more were issued in the following August against the overdraft in the Bank of Portugal.

At the end of 1925 the Government paid off £250,000 of their debt with the Bank of Portugal on account of £320,000 held by the Bank in gold Treasury bills. (*Annual Report of H.M. Consul, Lisbon.*)

TRADE

Foreign Trade Returns for 1925.—The Official Statistical Bureau has recently published the figures of Portugal's trade with foreign countries during the year 1925. The total value of the main classes of imports and exports are shown in the table below (in reis):—

	1925.	1924.
<i>Imports.</i>		
Paper, printed matter, etc.	42,826,755\$000	51,596,815\$000
Raw material for industry	830,045,706\$000	1,229,411,187\$000
Chemical products, medicaments, perfumery, etc.	66,593,101\$000	68,408,383\$000
Textile goods	287,611,960\$000	323,253,435\$000
Foodstuffs	816,319,435\$000	836,441,830\$000
Machinery, apparatus and instruments for industry, and agriculture, etc., vehicles of all kinds	296,669,608\$000	314,001,654\$000
Sundry manufactured goods	221,249,049\$000	247,580,334\$000
Total	2,561,315,614\$000	3,070,693,638\$000
<i>Exports.</i>		
Raw materials for industry	189,862,188\$000	194,194,502\$000
Textiles and products	49,937,157\$000	66,633,024\$000
Foodstuffs	565,032,587\$000	630,026,596\$000
Wines	309,119,828\$000	313,571,828\$000
Sundry manufactured goods	43,897,291\$000	46,826,043\$000
Total	1,157,849,051\$000	1,251,251,993\$000

The adverse balance of foreign trade for the year 1925 was thus 1,403,466,563\$000 as against 1,819,441,645\$000 for the year 1924. Despite the improvement in the trade balance the situation is far from satisfactory; the adverse balance actually exceeds the total value of exports. (*O Commercio do Porto*, Nov. 27.)

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SOUTH AMERICA

PERU.

General Economic and Financial Conditions.—

With the exception of slight damage in the Piura Valley, there has been no repetition in Peru during the past twelve months of the disastrous floods which occurred early in 1925. General economic conditions in the Republic have, however, been adversely affected by the low prices ruling for its principal exports, viz. cotton and sugar. The diminution in the income of the country as a result of the fall in prices and the smaller production of sugar alone may be gauged by the fact that the value of exports of that commodity in 1925 was only £P.2,158,651, as compared with £P.4,976,430 in the preceding year. The fact that the Tacna-Arica dispute remains unsettled has also continued to impart an uncertain tone to markets.

In the year 1924 Peru established a surplus of exports over imports of about £P.7,000,000, but the favourable balance of trade contracted in 1925 to only £P.3,477,000, while for the first half of the current year it was £P.1,136,000. In this connection, moreover, it must be remembered that the invisible items of import—such as the service of foreign debts—convert the balance of payments into a deficit, and this fact is demonstrated by the course of exchange, which has been unfavourable to Peru since 1921. The leading petroleum and mining interests in Peru formed in June last, in accord with the Government, a "Pool" for the purpose of stabilising the exchange at around U.S.\$4 to the Peruvian pound. The operations of this "Pool," combined with the flotation of a large Government Loan in New York—to which reference is made below—brought the rate down sharply after June last to a low level of 22½ per cent. premium on September 9. There has since been a very sharp reaction. The especially severe nature of the reactionary movement in exchange is probably due in great part to the fact that many buyers were anticipating a better rate and refrained from purchasing until too late. The present exchange outlook is, therefore, obscure, and permanent recovery can, of course, only be attained by very strict economies and an improvement in the foreign markets for Peruvian products.

The Government was recently authorised to contract a series of loans up to a total of U.S.\$30,000,000, the first of which, for an amount of U.S.\$16,000,000 in 7½ per cent. thirty-year Bonds, due 1956, was successfully floated in New York in August last. The loans under the relative law are guaranteed by various taxes formerly pledged to the *Compania Recaudadora de Impuestos*, and the proceeds were to be utilised to repay outstanding indebtedness to that company, as well as to contribute £P.500,000 to the establishment of an Agricultural Bank, and to develop public works. It is understood that the entire proceeds of this loan have now been disposed of, with the exception of a sum sufficient to effect special payments abroad in respect of interest, amortisation, etc., falling due in the near future.

Previously, in November last, Peru had issued in New York a loan for U.S.\$7,500,000, to be amortised in fifteen years, the object of which was, in part, to provide funds for the large irrigation scheme at Olmos, in the extreme north of the Republic, which is being actively proceeded with, although some years must elapse before completion. If success attends the venture, very large tracts of hitherto unproductive territory will be placed under cultivation.

The Government continues to foster national transport facilities. The development of new regions has hitherto been hampered by lack of communications, but the authorities are giving preferential attention to the building of roads, and considerable progress has recently been made in this respect.

Credit conditions in Peru at the present time are very difficult, and future progress depends almost entirely upon the fortunes of the cotton and sugar markets. It

cannot be said that the present outlook is bright, although an encouraging feature in the situation is the very satisfactory condition of the mining industry, activity in which continues unabated, the estimated value of the total mining products for 1925 being £P.18,293,306, as compared with £P.15,644,910 in 1924. (*Annual Report of the Anglo-South American Bank.*)

Peruvian Corporation Report.—The report of the Peruvian Corporation for the financial year 1925–26 shows an improvement on the figures of the preceding year. The damage done by floods in the year 1924–25 had to be met out of current income. There has been an appreciable increase in revenue from railways, the total for the year 1925–26 being in excess of that for the two preceding financial years. The following table is a summary of the full accounts (in £ sterling):—

Revenue.	1923–24.	1924–25.	1925–26.
Railways	470,269	262,165	516,287
Guano sales	121,333	110,244	76,853
Peruvian Government	80,000	80,000	80,000
Interest, etc.	30,666	49,903	47,788
Total	702,268	502,312	720,928
Outgoings.			
Administrative expenses	30,478	33,312	27,436
Exchange	—	11,133	8,428
Debenture service	378,000	297,000	378,000
Balance	323,790	160,867	307,064
Chira Canal	—	36,000	—
Income tax, etc.	23,247	—	5,855
Written off	36,540	5,811	—
Preferential dividends	223,786	111,896	298,414
Carried forward	116,701	123,862	126,657

The drop in the revenue from guano is attributed to the effect of the floods in the previous year; there will probably be an early improvement in this trade. The railway revenue represents only the sums drawn by way of interest and dividend payments, and not the net income of the railways. The balance of the revenue, after meeting the debenture service, is but little in excess of the sum required to meet the Four Per Cent. Preference dividend, the arrears of which now stand at 109½ per cent. The report states that these arrears are now receiving the serious attention of the board.

URUGUAY.

The Budget for 1926–27.—In accordance with a law passed last June the Budget estimates for the financial year 1926–27 have been based on the revenue and expenditure estimates of the preceding financial year. This practically amounts to extending for another year the Budget already in force. The estimates submitted by the National Council of Administration for the new financial year provide for expenditure at \$48,255,930 and revenue at \$48,139,893. As the Uruguayan Press points out, the total expenditure figure for the current

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year is actually more than three millions higher than that for the year 1925-26, the increase being due to the net result of various additions and deductions of supplementary expenditure. The main basis of the Budget is not affected by this variation. Although the total estimated revenue is somewhat lower than the estimated expenditure, the National Council believes that the year will close without a deficit if Parliament abstains from passing fresh laws involving additional expenditure. A favourable feature is that in respect to the preceding estimates the various Ministries dependent upon the Executive did not exceed the amount of expenditure fixed by the Budget. It is considered that similar economy and care will be exercised again this year by these Ministries, in which case the total sum of actual expenditure will probably be lower than the estimates.

State Rents and Expenditure.—The official statistics of the public rents and expenditure of Uruguay during the past five financial years show the following results (in pesos):—

Financial year.	Public rents.	Expenditure.
1920-21	34,751,702.37	37,696,134.81
1921-22	32,595,706.92	39,941,283.64
1922-23	36,020,028.14	42,683,250.58
1923-24	42,364,126.83	42,434,756.14
1924-25	45,534,693.42	45,215,111.25

The main sources of public rents during these five financial years have been as follow (in pesos):—

Customs duties: 1920-21, 14,269,111; 1921-22, 12,893,170; 1922-23, 15,753,960; 1923-24, 15,903,880; 1924-25, 14,140,590.
Taxes on real estate: 1920-21, 6,378,913; 1921-22, 6,195,729; 1922-23, 6,994,047; 1923-24, 7,367,779; 1924-25, 7,408,952.
Tobacco duty: 1920-21, 1,669,356; 1921-22, 1,680,746; 1922-23, 1,655,698; 1923-24, 1,765,979; 1924-25, 1,839,731.
Stamp duties: 1920-21, 865,891; 1921-22, 827,177; 1922-23, 917,556; 1923-24, 1,082,314; 1924-25, 1,060,173.

The Public Debt.—Recently published statistics by the *Oficina de Crédito Público del Uruguay* show that the National Debt, internal, foreign and international, of the Republic stood at 186,188,846 pesos at December 31, 1924, as against 180,101,707 pesos at the end of 1923, 178,613,733 pesos at the end of 1922, 178,431,277 pesos at the end of 1921, and 172,202,766 pesos at the end of 1920. The Internal Debt at the end of 1924 amounted to 60,975,034 pesos, of which total 15,447,100 pesos corresponded to the Internal Debt of Conversion 6½ per cent. 1916, 7,609,500 pesos to the Public Debt 6½ per cent. 1923, 7,183,700 pesos to bonds for the construction of the legislative building, 5,682,390 pesos to the Public Works Debt and conversion 1918, 4,454,500 pesos to the Electrical Works of the State, 4,046,738 pesos to the National Sanitation Debt, and 3 mill. pesos for assisting agriculture and colonisation. The total Foreign Debt stood at 122,855,312 pesos on December 31, 1924, as compared with 125,855,312 pesos at the end of 1923, and was distributed in the following manner (in pesos): Consolidated Debt of Uruguay, 70,652,844; Conversion Loan Five per cent. 1905, 26,418,098; Gold Eight per cent. Loan of 1921, 7,225,680; Public Works Gold Loan of 1909, 5,233,376; Five per cent. Gold Loan of 1914, 4,949,938; Uruguayan Five per cent. Gold Loan of 1896, 3,326,754; Eastern Railway (Five per cent. Gold Loan of 1919), 2,626,736; Five per cent. Gold Bonds of 1915, 1,401,666; and the Paloma Railway Five per cent. Gold Loan of 1919, 1,023,220. The International Debt comprises the Brazilian Loan of 1,826,500 pesos, and the Brazilian International Debt of 532,000 pesos, totalling 2,358,500 pesos. (*España Económica y Financiera.*)

Foreign Trade Statistics.—The commercial exchanges with foreign countries during the year 1925 resulted in a favourable balance of approximately 4.5 million pesos, imports being valued at 94,170,262 pesos, while exports were valued at 98,709,015 pesos. The figures of imports (official values) and exports (effective values) for the past five years are as follows (in pesos):—

	Imports.	Exports.
1921	93,855,260	70,265,764
1922	81,886,381	77,422,935
1923	102,022,063	100,591,127
1924	80,897,378	106,836,282
1925	94,170,262	98,709,015

The value of imports during the first quarter of 1926 amounted to 17,451,626 pesos, while that of exports rose to 35,795,735 pesos, thus showing a favourable balance of 18.3 mill. pesos. The value of imports during this quarter was higher than in any corresponding quarter of the preceding four years, while that of exports was also higher than in any corresponding quarter over the same period with the exception of the first three months of 1924, when exports were valued at 36.7 mill. pesos.

CENTRAL AMERICA

MEXICO.

The Economic and Financial Situation.—A survey of the economic and financial situation of Mexico appears in the *Annual Report of the Anglo-South American Bank* recently issued. After making reference to the favourable developments of Mexico's foreign trade in 1925 and during the first six months of the present year, which has already been treated in THE ECONOMIC REVIEW of November 26 last (Vol. XIV, No. 22), the *Report* proceeds to show that in spite of an excess of exports over imports in the first half of the present year a marked depression set in towards the end of May, brought about by the scarcity of money. This scarcity was due in part to the withdrawal from circulation of the funds utilised in new developments of fundamental importance before the national industries had recovered sufficiently to replace such withdrawals. Foremost among these developments were the formation of the new bank of issue—entitled the Banco de Mexico—as well as the Banco Nacional de Crédito Agrícola, and the construction of irrigation works and new roads. This unfavourable trend in business was accentuated by the boycott against the luxury industries instituted as a protest against the enforcement of the religious laws at the end of July. In addition to this boycott, some wealthy people have transferred their funds abroad, and this, coming at a time when capital is so badly required, cannot fail to be prejudicial to the country's welfare as a whole.

During 1925, a further contraction occurred in the production of petroleum, which was 24,000,000 barrels less than in 1924, at 115,514,000 barrels. Owing to the rise in prices, however, the total value was greater. At the present time, the boring of new wells is proceeding actively, but the decline in production and in the yield from export taxes recently observable makes

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apparent the necessity of stimulating in every possible way this important source of national wealth, which is believed to be still capable of large expansion. It is again encouraging to be able to report a steady development in the metal mining industry, the increasingly favourable results of which compensate in some measure for the decline in petroleum output.

The Agrarian question has not been so much in evidence during the past year, but the uncertainty arising out of former difficulties has apparently discouraged any further development in agriculture, and returns are again disappointing, it having been found necessary to import during the first quarter of 1926 considerable quantities of wheat, maize, and flour. This state of affairs is much to be regretted, inasmuch as Mexico possesses a beneficent climate and large tracts of land suitable for cultivation which are capable in some cases of yielding two crops a year.

Although Mexico is at present suffering from the severest business depression known for some time, which makes banking conditions particularly difficult, and the outlook for the immediate future is not too bright, there are not wanting favourable elements in the situation. During the short time that President Calles has been in office, he has steadfastly pursued a policy tending towards the economic and social reconstruction of the country. As a result of drastic economy, the deficit in the national finances of \$14,291,000 carried over from previous years has been entirely cancelled, and, indeed, the past financial year closed with a surplus of \$13,500,000, after providing for all extraordinary expenditure and the service of the external debt in accordance with the agreement for the resumption of payment ratified in November 1925. The Banco de Mexico has been in existence for just over a year, and is satisfactorily fulfilling its functions. In conjunction with the Government, the Bank has done much to maintain the exchange value of the Mexican peso, the quotation for which has been remarkably steady, and, although this has entailed certain gold exports, it has also helped to tide the country over a very difficult period.

The main requirement of Mexico is the removal of those barriers which prevent the proper development of the national wealth. It is a country of rapid changes. It is to be hoped, therefore, that a material improvement in the situation will take place before very long, when the full benefit would be felt of those fundamental constructive measures to which reference has been made. There can be little doubt that the country needs only two or three years of freedom from political troubles and repressive legislation, with due protection for individual enterprise, to regain that measure of prosperity to which it is entitled by reason of its great natural resources.

Railroad and Tramway Intelligence.—The Under-Secretary of Communications and Public Works has signed the concession given to Señor Julian F. Lozano for the construction of a railway from the city of Saltillo to the port of Tuxpan, Veracruz (oil centre). This line will run through regions rich in agricultural and natural products, and will greatly facilitate its development.

News from New York indicates that the Pan-American Petroleum Company has arrived at a satisfactory agreement with the National Railways for the development and exploitation of the petroleum properties of the railways, the latter being able to dispose of all the fuel oil required by its service, and the former undertaking to dispose of the excess production. Both companies will divide the expenses and products due to exploitation.

The National Railways will this year pay the interest due on the Bonds of the First Mortgage, and have remitted already to the International Committee of Bankers of New York two and a half million dollars, which covers this year's interest. Next year the rail-

ways will begin payment of all their obligations, which means a total annual amount of 11 mill. dollars.

The Board of Directors of the National Railways has approved the contract signed by the General Manager with the San Francisco Mines Company (properties in Chihuahua) for the construction of a railway which, starting from a point on the branch line from Jimenez to Rosario, will communicate with the town of San Francisco del Oro, Chihuahua. The General Manager was authorised to apply to the Ministry of Communications for the necessary concession.

On June 15 last the railway companies operating in Mexico established a Rapid Goods Service over the majority of the lines, and it is their intention to carry goods with almost the same rapidity as if they were sent by express without altering the present charges. The efficiency of the Rapid Goods Service of the National Railways was recently demonstrated by a run totalling 2,437 kilometres, made in eighty hours five minutes, on which a large quantity of bananas was taken from El Hule, Oaxaca, to Ciudad Juarez, Chihuahua, and delivered three days later in perfect condition at its destination. The National Railways were congratulated by the Grand Fruit Company, which sent the bananas, for this run creates a record.

The report of the Mexico Tramways Company for the year 1925 shows that there has been no improvement in the affairs of this concern. The situation last year was, in fact, distinctly worse than in the preceding year, the net earnings having dropped from \$1,146,049 to \$51,964. The accounts show a shortage of \$543,367 below the sum required to meet administration expenses, bond interest and sinking fund. The accumulated reserves have been drawn upon to the extent of \$704,336, the net reduction being \$607,437. The chief causes of the unsatisfactory situation is attributed to the necessary expenditure for road improvements and to very severe competition. The claims of the Company against the Federal and Municipal Governments have not yet been settled.

PUBLICATIONS RECEIVED.

Bidrag till Sveriges Ekonomiska och Sociala Historia under och efter Världskriget. With the co-operation of Kurt Bergendal, Olof Edström, Olof Ekblom, Otto Järte, Fabian von Koch, Carl Mannerfelt and K. G. Tham, Edited by Eli F. Heckscher.—Economic and Social History of the World War, Scandinavian Series. The Carnegie Endowment for International Peace. (Stockholm): P. A. Norstedt & Soner.—Yale University Press, New Haven.

Morones of Mexico: a History of the Labour Movement in that Country. By J. H. Retinger, D.Litt. (London: The Labour Publishing Company Limited. Price, 4s. 6d. net.)

Natural Law in Social Life. Read at the International Conference to promote the Taxation of Land Values and Free Trade, Copenhagen, July 1926, by W. R. Lester, M.A. (London: The United Committee for the Taxation of Land Values. Price, 2d.)

Practical Socialism. By the Rt. Hon. Christopher Addison. Vol. II. (London: The Labour Publishing Company Limited. Price, 2s. 6d. net.)

The American Economic Review. December 1926. (Evans-ton, Ill.: American Economic Association, Northwestern University. Price, \$1.25.)

The Fuel Economist. Special Issue, December. (London: Charles Birchall, Ltd. Price, 2s. 6d.)

Zone Franche de Salonique. Bulletin Annuel, Octobre 1925—Novembre 1926. (Official.)

FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	3½	Dublin	6	Prague	5½
Athens	11	Geneva	3½	Reval	10
Belfast	6	Helsingfors	7½	Riga	8
Belgrade	7	Kovno	7	Rome	7
Berlin	6	Lisbon	8	Sofia	10
Brussels	7	Madrid	5	Stockholm	4½
Bucharest	6	Moscow	8	Tokyo	6.57
Budapest	6	New York	4	Vienna	7
Copenhagen	5	Oslo	4½	Warsaw	9½
Danzig	5½	Paris	6½		

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.

STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.	Date.	10 Com- modities.	Bd. of Tde. Monthly Average.
1920.			1923.			1925.					
Jan. 16	367.9	296.6	Apr. 20	198.5	162.0	Jan. 16	174.8	171.0	April 16	148.1	143.6
May 14	391.2	325.5	July 20	177.3	156.5	Feb. 13	175.2	168.9	May 21	150.2	144.9
July 16	418.8	316.9	Oct. 19	166.0	158.1	Mar. 13	172.8	166.3	June 18	151.7	146.5
Dec. 17	257.0	263.8	1924.			April 17	161.9	162.5	July 16	153.9	148.7
1921.			Jan. 18	178.6	165.4	May 15	158.7	159.0	Aug. 20	155.8	149.1
Jan. 14	244.2	245.9	Feb. 15	187.9	167.0	June 19	160.6	157.6	Sept. 17	152.6	150.9
Apr. 15	202.8	204.8	Mar. 14	182.1	165.4	July 17	160.3	157.5	Oct. 15	151.2	152.1
July 15	194.4	194.1	Apr. 18	177.5	164.7	Aug. 14	158.6	157.0	" 22	149.8	
Oct. 14	170.2	180.7	May 16	171.2	163.7	Sept. 18	158.3	155.1	Nov. 19	155.0	152.4
Dec. 16	153.2	167.9	June 20	167.8	162.6	Oct. 16	154.1	153.9	" 26	155.3	
Dec. 30	150.0		July 18	167.1	162.6	Nov. 13	153.2	152.7	Dec. 3	154.8	
1922.			Aug. 15	175.3	165.2	Dec. 18	153.0	153.2	" 10	157.3	
Jan. 20	144.0	164.0	Sept. 19	167.9	166.9	1926.			" 17	153.7	
May 19	162.1	160.6	Oct. 17	172.5	170.2	Jan. 15	151.6	151.3			
July 14	165.1	160.3	Nov. 14	173.3	169.8	Feb. 12	148.4	148.8			
Sept. 15	161.2	154.3	Dec. 12	171.7	170.1	Mar. 12	146.1	144.4			
Dec. 15	161.2	155.8									

TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921.	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
ay 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. 5 ...	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
Dec. 10 ...	103.8	182.3	92.4	111.5	59.0	100.0	101.4	114.6	83.4	100.0	104.84	Dec. 10
" 17 ...	87.3	185.5	89.6	107.9	59.4	96.9	98.6	112.3	85.7	101.2	102.44	" 17

† 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	Dec. 11	197.1	107.9	128.0	112.0
Nov. 8	130.1	103.7	133.7	120.4	" 18	199.6	108.7	127.2	111.9

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

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