

**Brazil**

Depression.  
Depression grows more severe; stagnation, summer, yields to some improvement, last quarter; many failures, summer; foreign trade small, especially imports. Money very tight; exchange rises to peak, July, and collapses, last quarter; new currency-stabilization law passed, December.

Excellent rubber output; large yield increases coffee stocks in hands of Defense Committee, price declines. State of siege continued, April to December; resignation from League of Nations, June; President inaugurated, November; new constitution adopted; minor revolution, last two months.

**Canada**

Prosperity.  
Continued industrial activity; very active construction; record newsprint and mining output; high level of employment; reduction in failures; slow but steady decline in commodity prices; marked increase in foreign trade.

Money easy; increased volume of stock-exchange trading with strong upward trend in stocks, despite slight setback, March; formal return to gold standard, July. Excellent wheat, good barley, and very small oats crop; higher crop prices.

Decreased immigration; general election won by Liberals, September.

**South Africa**

Mild prosperity.  
Industrial activity and commercial quiet; diamond output increases; larger gold production; labor shortage; commodity prices decline, first quarter, and then rise; smaller exports and larger imports.

Money tightens; exchange stable after February. Small maize crop; good wool clip, lower price. Drought.

**Australia**

Prosperity.  
Production and domestic trade well sustained, except Queensland; commodity prices advance to peak, April, and then decline somewhat; increased imports and smaller exports.

Money easy; rising stock prices and active speculation, especially tin shares.

Very poor wheat crop, good price; large wool clip with fair price; meat industry depressed.

Severe drought, Queensland.

**India**

Depression.  
Dullness; industry declines, especially textiles; marked decline in commodity prices, first quarter, followed by steadiness; imports increase but exports fall off.

Money easy; collapse of silver market, August.

Very small cotton crop and low price; excellent jute yield with very low price; good rice and wheat crops. Political troubles; Currency Commission report, August.

**Japan**

Depression.  
Dullness in industry and trade; severe depression in textiles; declining commodity prices; smaller foreign trade, increased unfavorable balance.

Money easy, except summer, with reduction in official rate, October; stock prices steady with temporary boom, summer; steadily improving exchange.

Poor rice, small wheat and silk yields; silk price very low.

Tariff revised; Emperor's illness and death, December.

**China**

Depression.  
Trade restricted by civil war; transportation limited; wholesale prices (Shanghai) reach bottom, June, and then rise; foreign trade continues to increase despite adverse conditions.

Money very tight; heavy taxes; depreciation in copper; marked decline in foreign exchange.

Continued unrest and uncertainty; steady rise of Canton Government; Shanghai and Peking strikes and anti-foreign demonstrations, March.

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# NEWS-BULLETIN

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To Find Facts  
Divested of  
Propaganda

No. 25

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May 20, 1927

## WORLD-WIDE BUSINESS CONDITIONS PICTURED

### Dr. Mitchell's New Work on Business Cycles Ready Soon

THE manuscript of the first volume of Dr. Wesley C. Mitchell's new treatise on Business Cycles, entitled **BUSINESS CYCLES: THE PROBLEM AND ITS SETTING** has been completed, approved for publication by the Board of Directors of the National Bureau of Economic Research and sent to the printers.

Subject to unforeseen delays, it is hoped to have the first copies ready for delivery to the contributing subscribers of the National Bureau of Economic Research before the month of June is ended.

The book will give the first results of the extensive studies that have been made by Dr. Mitchell since the publication of his pioneer work on Business Cycles which was issued by the University of California Press in 1918. That early book, although long out of print, is still in such demand that second-hand book store sales as high as \$40 per copy have been reported.

**BUSINESS CYCLES: THE PROBLEM AND ITS SETTING** makes a book of approximately 575 pages. It is illustrated by nearly 30 charts. While written in a non-technical style, it does not evade difficulties nor seek to gloss them over.

Among the many problems of interest to business men and economists which this volume deals with are: The relations of national wealth, national income and national savings; changes in the causal relations between the quantity of money and the price level from phase to phase of business cycles; international differences in economic organization; the amplitudes of business swings; the relations of business-cycle theory to the main body of economic doctrines.

Workers in the social sciences will find the book offers a concrete example of the way in which historical, statistical and theoretical materials and methods can be combined harmoniously.

### Contributors Receive Publications

Persons who wish to receive early copies of all the future publications of the Bureau may enroll as contributing subscribers, paying a minimum of \$25 a year.

### Various Stages of Prosperity and Depression Noted in 17 Countries in 1926

PROSPERITY ruled in seven nations, depression in five, and various stages of recession and revival in five others in 1926, according to a survey of world-wide business conditions just completed by Willard L. Thorp, author of *Business Annals*. Publication of this survey is authorized by the Executive Committee of the National Bureau of Economic Research.

The results of this survey are summarized in the non-statistical format that was used in *Business Annals*, for the convenience of those who wish to carry forward the record there presented for seventeen leading countries of the world, year by year, for periods ranging from thirty-six to one hundred and thirty-six years.

In his introductory statement to the 1926 Annals, presented in this issue of the News-Bulletin, Dr. Thorp says:

#### Principal Changes in Europe

"The outstanding changes in business conditions during 1926, are found among the European nations. The labor troubles in England and the exchange difficulties of France and Italy limited the economic activity of these countries, thereby indirectly benefiting the export business of Germany, Austria, the Netherlands, and Sweden.

"Whereas the beginning of 1926 saw France and Italy prosperous, and Germany and Austria severely depressed, the end of the year found marked recessions in the first two countries, and decided improvement in Germany and Austria. The British Dominions fared better than the mother country,—Australia and Canada maintaining full prosperity, and the Union of South Africa being moderately prosperous. The Orient had a disappointing year, China, Japan and India all suffering from depression. Argentina and Brazil also experienced serious economic reverses.

#### American Prosperity Continues

"The United States continued, in 1926, the prosperity\* which it enjoyed in 1925. These two years constitute the longest period of uninterrupted prosperity in the country since the War. The recession in general business which came with the Armistice

\*As in all our captions, we here use the word "prosperity" to indicate the condition most generally prevalent. As shown in the text, farming was a notable exception to the prevailing state in 1926. For fuller discussion of this point, see *Business Annals*, p. 103.

## NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

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The Bureau seeks not merely to determine facts, but to determine them under such auspices as shall make its findings carry conviction to Liberals and Conservatives alike. It deals only with topics of national importance which are susceptible of quantitative treatment.

By issuing its findings in the form of fact reports, entirely divorced from propaganda, the Bureau hopes to aid all thoughtful men, however divergent their views of public policy, to base their discussions upon objective knowledge as distinguished from subjective opinion.

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gave way to an industrial revival early in 1919, but the ensuing prosperity terminated in the spring of 1920, lasting approximately one year. Similarly, the recovery in 1922 became prosperity in the summer of that year, but a mild recession developed in the following summer so that again, the period of prosperity lasted but one year. The revival which came in the third quarter of 1924 had become full-fledged prosperity by the beginning of 1925, and the same phase of the business cycle is now entering on its third year. Excluding the years of war activity, the present period of prosperity is the longest since that which began early in 1905 and continued until the autumn of 1907. The United States has not enjoyed a period of prosperity lasting full three years since that which commenced in the summer of 1879, nearly fifty years ago."

### Format of the Annals

The 1926 Annals continue to January 1, 1927, the record of business conditions from 1790 to 1926 presented in *Business Annals*—a book of 380 pages—recently issued as the eighth formal publication of the National Bureau.

The Annals are compact descriptions, year by year, of business conditions.

For each country for each year, the results are summed up in five paragraphs:

1. A brief synopsis, in standardised terms, of general business conditions.
2. A description of business activity, employment, important strikes, movement of commodity prices, construction, land and commodity speculation, and foreign trade.
3. Description of conditions in the money market, security prices and speculation, public finance and foreign exchange.
4. Agricultural production and prices.
5. Non-economic events of influence on business conditions, such as wars and political troubles, epidemics, and natural catastrophes.

### Preliminary 1926 Annals

The preliminary Annals for the various countries for 1926 follow:

#### United States

Prosperity. Continued prosperity; steady production and full employment; building continues at high rate; very large automobile output despite sharp slump, last quarter; record railroad freight transportation; anthracite coal strike settled, February; declining commodity prices, especially textiles and farm products; Florida boom collapses; increased imports but smaller exports. Tightening money market eases, April, but tightens somewhat, autumn; no further expansion in Federal Reserve credit; severe collapse in stock market, March, followed by strong recovery, autumn; rising bond prices; further extensive foreign loans; southern bank failures, autumn. Good wheat, excellent corn, and enormous cotton crops; higher wheat price; fair corn and very low cotton prices cause reduction in farmers' income, and stimulate attempts to secure remedial legislation. Italian debt funded, January, and French debt pact signed, April; income-tax reduction passed, February; Florida hurricane, September.

#### England

Depression. Incipient revival halted by coal strike, April to November, and general strike, May; acute depression, most severe in iron and steel, textile and pottery industries; some signs of improvement late in year; fewer failures; declining commodity prices interrupted by temporary advance during coal strike; unemployment severe, peak in July; marked decrease in exports and increased unfavorable balance. Steady and high money rates; position of Bank of England strengthened by increased gold reserve and reduced liabilities; bond prices steady all year; stock prices decline to April, slowly advance to September, and continue on higher level. Wheat and potato crops slightly below average, good barley and oats yields; lower wheat, very low oats, higher barley, and much higher potato prices. Italian debt settled, January; Coal Commission reports in favor of private operation under government ownership, March; general strike, May.

#### France

Prosperity; recession. Industry and trade very active, especially mining and metallurgical industries, first three quarters, but recession sets in, last quarter; construction industries slack; commodity prices advance, second quarter, and fall precipitately, last quarter; retail prices continue high; severe unemployment appears, last quarter; increased volume of foreign trade, slightly improved balance. Money tight, especially summer; Treasury drain on Bank of France necessitates further increase in note circulation to crisis, August, when various reforms, followed by increased deposits, reduction in treasury debt, and purchase of foreign exchange strengthen Bank's position; severe financial difficulties as foreign exchange collapses to low point, July, and then rises rapidly to point of *de facto* stabilization, December; marked advance in stock prices to peak and Bourse panic, July. Small wheat crop and wine yield; large oats and barley yields. Defeat of Abd-el-Krim, May, and pacification of Syria; immigration of foreign labor halted; tariff increase, April; political instability until Poincaré assumes office, July; tax increases, July; English debt settlement, July.

#### Germany

Depression; revival. Stagnation, early in year, gives way to improvement, spring; coal and iron industries improve rapidly, and textiles revive late in year; slight decline in commodity prices, rise in food products being offset by decline in textiles; unemployment less after first quarter; fewer failures; imports decrease and exports increase. Money eases; Reichbank ends credit restriction policy, spring, and gold reserve increases despite marked expansion in credit after March; very active Bourse with stock prices more than doubling during year despite slight slump, November. Very small crops of wheat and potatoes; fair rye and oats crops; excellent sugar-beet yield. Membership in the League of Nations granted, September, after failure to obtain seat, February; development of "rationalization" in consolidation; formation of international combinations in potash and steel; Marx succeeds Luther as Chancellor, May, and is in turn overthrown, December.

#### Austria

Depression; revival. Continued inactivity yields to improvement, last four months; recovery in iron and textile industries; severe unemployment, especially first quarter; commodity prices decline to September, except for slight halt, summer, and then advance rapidly; decreased foreign trade, especially exports.

#### Austria (continued)

Money market much easier until December; dull stock exchange revives, August; postal savings bank scandal, October. Smaller wheat and rye, larger oats and barley yields. Released from League control, June; higher tariff, August; cabinet changes, January and October.

#### Russia

Prosperity.\* Further increase in industrial output; commodity prices rise, four months and then fall rapidly, especially agricultural products; larger volume of exports, and smaller imports with increased value of both. Further increase of money in circulation. Large wheat harvest. Regional neutrality treaty signed with Germany, April; Trotsky and Kamenoff ousted, October, and Zinovieff resigns, November.

\*As pointed out in *Business Annals*, the terms "prosperity" and "depression" are used of necessity in a relative, not in an absolute sense. Russian reports indicate that the country was prosperous in 1926 as compared with the preceding years. Of course, this does not necessarily mean that the Russian people were as well off last year as the people in other countries which are reported as enjoying prosperity. Indeed, they may not have been as well off as the people in countries whose business was depressed.

#### Sweden

Uneven prosperity. Increased industrial activity, especially iron; increased unemployment; slight decline in commodity prices; larger foreign trade, especially exports. Easy money tightens, last half-year; stock prices advance steadily. Farmers' income larger; good wheat, rye and potatoes, excellent barley crops. Labor government yields to Center after defeat, June.

#### Netherlands

Mild prosperity. Uneven prosperity, with improvement, second half-year; shipping industry prosperous; decrease in unemployment and business failures; wholesale prices decline; smaller volume of foreign trade at higher prices. Money tightens, last quarter; security prices record slight decline, first four months, but recover, August and last quarter; notable expansion in foreign security issues. Poor agricultural year; produce, fruit and meat industries unsatisfactory. New Cabinet formed, March, after deadlock since November; revolt in East Indies quelled, November.

#### Italy

Recession. Diminishing economic activity; prices for industrial goods decline and for foodstuffs rise; textile industries depressed; smaller imports, increased exports. Money tight; stock exchange dull with prices rising, first quarter, and then declining rapidly; foreign exchange steady to May, declines sharply to July, and then recovers rapidly. Larger maize, rice, silk, and potato yields; smaller wheat crop; wine yield very much reduced by *phylloxera*. American debt funded, January and English debt settlement ratified, February; strikes and lock-outs declared unlawful, March; policy of "incorporating productive forces" adopted, April.

#### Argentina

Recession. Domestic trade restricted; many failures; increased exports at lower prices, smaller imports. Tight money becomes somewhat easier; foreign exchange slumps to April, and then slowly improves, especially last quarter; active stock speculation. Wheat crop poor, excellent linseed and maize yields; good wheat price but linseed and maize very low; meat and wool industries depressed.