

Catching Up With the Dollar in Belgium

By EDWARD SCHULER

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BELGIUM, which is credited with having recovered its commercial activity more quickly than some other European countries after five years of war, has shown no relaxation of effort toward continued, intensive effort and production; but she, like other European nations, is feeling the effects of the present unfavorable exchange. It is the question dominating all others. It is apparently affecting friendly international relations. Proposals to remedy the situation, its effect on trade with America, and relations with the United States, all furnish material for lengthy and spirited discussion.

The Belgian manufacturer paid high prices for American cotton immediately after the armistice to get textile mills which generally speaking had not been greatly damaged by the Germans but stripped of certain parts, again in running order. The same was true in some other industries where essential raw materials were necessary. Exchange was then showing an upward tendency; in fact, it was high. But raw materials were absolutely necessary, and no hesitancy was shown in buying after credit difficulties had been overcome.

The wisdom of this action is shown today. La Textile, an association of textile manufacturers with headquarters at Ghent, which takes in all the leading manufacturers in this branch in Belgium, has just issued figures showing that it is at present operating 1,800,000 spindles. The number in operation in 1914 was 1,518,000. Pre-war production is being exceeded. Order books are filled, bespeaking well for future business.

If textile manufacturers disregard the exchange bugaboo, there are others in Belgium who do not take a similar view of the advisability of buying in America or elsewhere at the present rates of exchange which is becoming a popular question as well as an economic one. A big iron and steel plant near Liege is in need of a great amount of equipment to replace that taken away or destroyed by the Germans. It finds that America can fill its needs more quickly than any other country. It wants millions of francs' worth of machines, etc.—that was the situation recently—but it too is holding off because of the high dollar rate.

By way of contrast, however, it might be said that such is not the case with the great Homiecourt steel plant of France, in Lorraine, which recently ordered a blooming mill and other equipment in the United States despite unfavorable money rates, showing the company is determined, like the textile men of Flanders, to go ahead with reconstruction and production despite the apparent exchange barrier.

In the popular discussion of the absorbing topic of exchange Americans frequently are getting blamed in Belgium for the high rates. Factors of economic law are overlooked as well as other theories concerning exchange. Certain branches in Brussels of big American banks are attacked in the newspapers as "usurers." Out of it all there seems to be growing a certain amount of irritation if not ill feeling at least as manifested by part of the press toward the United States.

The economic policy of the government has been heretofore a very liberal one. There have been no restrictions to speak of with regard to imports to Belgium from the United States or elsewhere. The desire has been to let the people have everything they needed or wanted. And they got it. The result is that for 1919 Belgian imports amounted to 5,075,584,064 francs while exportations were 2,296,652,748 francs.

Bought Many Goods Not Needed

BELGIUM became filled with all sorts of products. Many of them are not of prime necessity. In Brussels one frequently sees American articles and products brought in since the armistice which are not visible in France nor elsewhere on the continent. The kingdom is full of tobacco, cigars and cigarettes. Imports of unmanufactured tobacco for 1919 amounted to 58 million francs and cigarettes 30 million francs. Belgium is a paradise for the smoker. In France it is still the "queue," and generally a long line at that for the weekly allotment now doled out. Imported beers from England reached 18 million francs, wines from elsewhere 156 million; shoes, 62 million; perfume, 7 million; almonds, lemons, oranges and figs, 46 million; cheese, 44 million; clothing, lingerie and wearing material, 550 million francs.

Articles and products of foreign label are abundant. The remark is often heard by present-day travelers in Europe that Belgium comes near being the best provisioned place on the continent. Americans making their first visit since the war are surprised to find the capital such a "land of plenty" and such a desirable place to stay or visit. Restrictions are nil. Amusements are many. Lights are bright. There is no lack of coal.

As the exchange situation becomes more and more acute and in view of the imports mentioned there is growing up in Belgium, whose bank note has lost more than fifty per cent of its value, an insistent demand that the doors of the country be closed for an indefinite period for all but absolutely necessary products. Ale from England, *pate de foie gras* from Strassburg and similar things are unnecessary in these times, it is argued. As another remedy in the exchange crisis it is suggested that all Belgians be authorized to procure in Germany whatever they need.

Some Belgian newspapers reproach Americans and also the British for buying up all available stocks in Germany while Belgians, they say, have abstained from purchases through patriotic

reasons. The best answer to this is found in the official government paper, the *Moniteur*, of recent date, giving a detailed list of the licenses to purchase things in Germany that were issued Belgians between November 1 and 15, 1919. This shows that Belgium like other nations, did not fail to take advantage of the low rate of the mark to buy from the ex-enemy. The list covers about a dozen pages. The purchases covered the greatest variety of objects, from a bath tub to a million franc stock of copper—evidently an undeclared hidden war-time lot—to say nothing of dye stuffs, chemicals, raw materials and many manufactured articles. The amounts involved run into millions of francs. The housewife, to say nothing of the great iron and steel plant of Cockerill and Company at Seraing, whose plant by the way was stripped or wrecked by the Germans, took the opportunity to buy from the ex-enemy at the low rate of the mark.

The third remedy suggested is long-term loans to reduce the issue of paper money which on December 22, 1919, amounted to 4,562,685,438 francs. It is in connection with proposed American loans or the failure of these that some of the Belgian newspapers are most bitter in their attacks on America. Here is a sample in *La Libre Belgique*, a morning paper of rather large circulation, of recent issue. "The Americans, after having received our King with frenzied enthusiasm, have nothing more to offer us than advances at 10 per cent." The Guaranty Trust Company and National City banks are particularly singled out.

Meanwhile, the failure of a Belgian loan in England caused another drop in Belgian exchange. Belgium, through its port at Antwerp, has served as a transitory for goods to Germany. But of late the Germans have been prohibiting the importation of certain goods which have caused the accumulation of enormous stocks at Antwerp, including many American cigars. The apparent willingness of Germany in its present condition to forego the luxury of cigars as well as other products, and the immobilization of these accumulated stocks also has a bearing on the general exchange situation.

The opinion has been expressed that as time passes the need for American and foreign products will diminish while export figures will gradually increase and help toward equalizing the commercial balance with a consequent favorable effect on exchange. Exports from Ghent, center of the textile industry, for January, 1919, have already exceeded the total amount of Ghent exports from May 20, 1919 (when the United States Consulate was reopened), to December 31, 1919, which amount was 4,313,433 francs. It is another result of the foresight of the textile manufacturers. The largest number of vessels entering the port of Antwerp before the war on a single day was 152. Several days ago a total of 141 was counted, again showing how Belgium is "coming back." The favorable showing just indicated for Ghent is the same

in the Brussels' district where declared exports to the United States (the figures are unofficial but sufficiently exact to form an idea of increase in exports) were for the first trimester of 1919, 103,445 francs; second trimester, 924,513 francs; third trimester, 6,556,696; fourth, 16,034,727 francs. Included in the last tri-monthly period was artificial silk to the value of 4,923,285 francs; gloves for 664,877 francs; lace, 477,261 francs; skins, 400,000 francs; rags, 542,985 francs; oil, 869,330 francs; glass, 770,000 francs. The amount of artificial silk exported in the trimester ending with September was 697,246 francs. The demand from the United States for artificial silk made in Belgium is growing and at present is such that some Belgian manufacturers are all sold out and cannot accept more orders. Included in the exports is an item of gold bars from the Congo to the value of 2,767,423 francs. Hatters' furs and plants were also sent to the United States in increasing amounts.

Affects American Trade

SOME of the American import and export concerns which have established agencies here are feeling the effect of exchange like other American business houses established in Europe. With some of the firms it is utter stagnation, especially as to imports. A number of instances could be given of companies that are doing nothing but marking time, watching the daily fluctuations of the dollar, hoping it may reach the level that will mean doing some business.

A traveling man for the largest wholesale shoe concern in the West came to Brussels recently. He had a fine sample line of good American shoes. His house thought prospects were so good that they wanted him to take over a stock worth half a million dollars. The salesman thought it would be better first to look over the field. On arriving he found that besides the dollar being too high, the market was overstocked with shoes. Like some others he is going home disappointed.

Labor conditions in Belgium, long the country of low wages, have now reached a period of stabilization following numerous strikes and demands for higher wages, nearly all of which have been granted. Belgian workers who left the country for France and elsewhere, attracted by higher wages, are returning. They find they can live more cheaply in their own country.

Production in some industries is intense; such as, the glass and coal industries and as shown in the foregoing, artificial silk, etc. Many American concerns from Michigan and elsewhere are seeking to buy glass in Belgium, owing to the extraordinary demand in the United States by automobile, furniture and other concerns, but these cannot be fulfilled. Belgian glass manufacturers themselves are swamped with orders from all parts of the world, the output for months to come has been contracted for and there is little under present conditions that can be sent to the States. Much of it goes to the North of France. Coal production for December, 1919, was 1,548,635 tons. This represented a diminution of 11.8 per cent compared with the month of November. This was due to strikes and the establishment of the eight-hour day in the mines since November. The number of miners increased from 153,665 in November to 157,711 in December. Stocks decreased 58,719 tons during December.

Lifting of martial law, resumption of hunting and orders from France have brought a revival also in the arms manufacturing industry which is a noted and important one in Belgium. America has been a customer of Belgium and further exportations to that country are looked for. Reports that these companies have been manufacturing arms and material for Mexican and other revolutionists are denied by the manufacturers.

More than 66,000 tons of machinery taken from Belgium by the Germans have been identified in Germany to date and brought back. The number of machines represented by this tonnage is 9,800 besides which 3,200 others have more recently been identified.

The system of appointing national labor commissions to consider disputes in principal industries that was begun some time ago by M. Wauters, Minister of Labor, is working successfully. It has brought about peaceful settlements in important wage controversies. The latest of these concerned workers at the Antwerp port where strikes were of daily occurrence. After thirteen meetings the commission reached an agreement retroactive from November 17 and which determines wages until December 31, next.

If some Belgian farmers, particularly those in devastated Flanders, have reason to complain of the situation in which the war has placed them there are others elsewhere in the kingdom who can count the recent years of turmoil as the most prosperous they have known. This is shown by the savings bank deposits of a co-operative league of Belgian farmers, known as the *Boerenbond*, the largest organization of its kind in Belgium. Bank savings deposits for 1918 of this organization, according to a recent report amounted to 212,464,881 francs, more than thirteen times the figure for the last normal year. Of this amount 168,834,531 francs came from savings branches affiliated with the main savings bank (*Caisse Central*); 2,716,386 francs from depositors; 40,913,963 francs from time deposits of five to ten years. The savings deposits in 1913 amounted to 16,110,371 francs.

These Are Stoves



(C) Keyotono

THESE are home-made stoves used for home cooking in Palestine. The women there still do most of the work and make their own stoves from clay, using charcoal as fuel. They have imported some American cooking utensils such as granite stew pans and the like, and set them on the miniature stoves; in fact, the housewife can make the stove to fit the dish as the one shown in the picture is doing.